Orchestrating and Embracing CHANGE

LANDBANK

2012

Annual Report

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ABOUT THE COVER

Consistent with its mission of spurring countryside development, LANDBANK endeavors to orchestrate positive changes that uplift lives and boost economic activities in the rural areas. Through its credit and technical assistance, the Bank hopes to empower key sectors today, and plant the seeds of hope and progress for future generations.

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VISION

LANDBANK shall be the dominant financial institution in countryside development, committed to the highest standards of ethics and excellence in the service of the Filipino people.

MISSION

We shall continue to provide timely financial and technical support for our farmers, fisherfolk and other priority sectors.

We shall deliver innovative products and services that are consonant with ecological enhancement and effectively address our clients' needs.

We shall embody professionalism and integrity, providing our employees with a work environment that encourages growth and rewards excellence.

LANDBANK is committed to improving the lives of all its stakeholders and working with them to lead the country to economic prosperity.

Financial Highlights

GROUP (AUDITED)

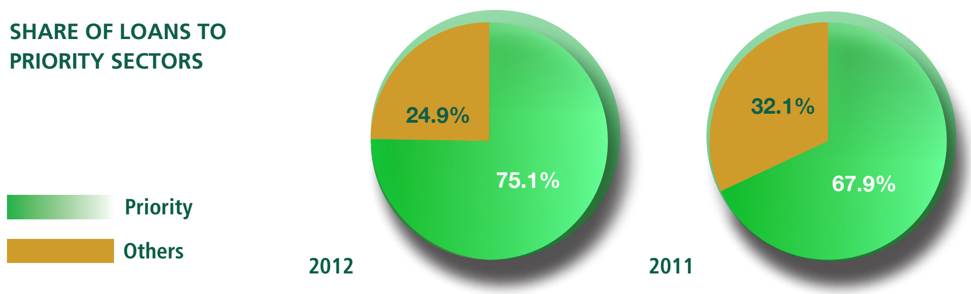
(In Billion Pesos)	2012	2011	2010	2009	2008
Total Resources	**691.5**	645.8	570.9	515.6	437.7
Loans	**330.5**	334.0	247.1	241.0	227.8
Treasury Loans	**36.2**	56.1	12.4	26.6	36.6
Regular Loans	**270.0**	249.6	205.5	187.0	174.9
Other Loans and Receivables	**24.3**	28.3	29.2	27.4	16.3
Investments (Net)	**236.1**	196.0	201.0	174.7	118.1
Deposit Liabilities	**543.7**	507.3	433.2	396.3	333.4
Demand	**244.4**	211.2	162.5	157.0	128.1
Savings	**267.3**	270.1	247.6	217.3	191.8
Time	**31.4**	25.4	22.6	21.5	13.0
LTNCD	**0.6**	0.5	0.5	0.5	0.5
Capital	**84.0**	77.7	68.4	53.1	40.8
Gross Revenues	**38.1**	34.5	34.8	31.6	29.0
Interest Income on Loans	**16.9**	17.1	16.9	14.5	12.4
Income on Investments	**12.3**	12.3	12.8	11.4	12.0
Net Income (in ₱ M)	**10,965.7**	9,056.2	8,221.7	6,818.5	5,174.1

GROSS LOAN PORTFOLIO

Sectors	2012* Amount (₱ B)	%
Priority Sectors		
I. Mandated Sector		
• Small farmers including agrarian reform beneficiaries and their associations	33.1	12
• Small fisherfolk and their associations	0.3	-
Sub-Total	33.4	12
II. Support for Agriculture and Fisheries		
• Agri-business	17.9	7
• Aqua-business	0.6	-
• Agri-aqua related projects of Local Government Units and Government-Owned and -Controlled Corporations	48.0	17
Sub-Total	66.5	24
III. Support for National Government Priority Programs (including PPP projects)		
• Micro, small and medium enterprises	30.3	11
• Communications	3.6	1
• Transportation	17.5	6
• Housing (socialized, low-cost and medium-cost)	20.3	8
• Education	4.5	2
• Health Care	2.1	1
• Environment-related projects including clean and renewable energy	26.8	10
• Tourism	0.3	-
Sub-Total	105.4	39
Total Priority Sector Loans	**205.3**	**75**
Local Government Units - Others	9.7	4
Government-Owned and -Controlled Corporations - Others	18.8	7
Others	39.6	14
Total Other Sector Loans	**68.1**	**25**
Total Loan Portfolio	**273.4**	**100**

* Excludes Interbank Term Loans Receivable (Foreign Regular/FCDU/EFCDU) Loans Receivables Arising from Repurchase Agreements/Certificates of Assignment/ Participation with Recourse/Securities Lending and Borrowing Transaction, and Domestic Bills Purchased Lines; Includes Unsubordinated Secured Debt Facility on Rural Banks

SHARE OF LOANS TO PRIORITY SECTORS



LOANS TO PRIORITY SECTORS

2000	35.9%
2001	42.1%
2002	49.8%
2003	56.0%
2004	60.5%
2005	66.0%
2006	68.3%
2007	72.8%
2008	72.7%
2009	68.0%
2010	72.7%
2011	67.9%
2012	75.1%

Message from the President of the Philippines

"You have expanded customer base and service among grassroots sectors, augmented the Bank's support of agrarian reform programs, and maintained your leading position as a government universal bank."

My warmest greetings to the board, management, and staff of the Land Bank of the Philippines (LANDBANK) on the publication of your 2012 Annual Report.

2012 marked the culmination of LANDBANK's five-year business plan to address the complexities of our developing economy. You have expanded customer base and service among grassroots sectors, augmented the bank's support of agrarian reform programs, and maintained your leading position as a government universal bank. I congratulate you for registering consistently positive gains amidst changes in our milieu and your government's uncompromising stance on accountability and integrity. This is resounding proof that commitment to positive change can only lead to the advancement of the common good.

There is no room for obfuscation and artifice in the culture of justice and good governance that now pervades in our institutions. We in government are in the business of trust; our fellow Filipinos count on us to keep their best interests at heart, and give them the wherewithal to envision a future brimming with possibility. We have reached the midpoint of our journey towards inclusive growth. Let us not lose sight of our goals, now so clearly within reach: the fruits of progress cascaded to all sectors of society, and a position of confidence within the community of nations.

I wish you continued success in your endeavors.

President Benigno S. Aquino III
Republic of the Philippines

Manila
March 2013

Chairman's & President's Report

The Philippine economy is primed for even brighter prospects, as it performed beyond expectations and outdid most economies in the Asia Pacific region in 2012. Strong growth capped by a credit rating upgrade and set against a backdrop of continued reforms in governance is positive news that augurs well for the Philippines' bid for lasting and more meaningful development.

Inspired by the challenge to build on our gains, LANDBANK rallied towards "Orchestrating and Embracing Change" in 2012. As the strongest government bank and one of the leading financial institutions in the country today, we hold steadfast to our role as one of the prime movers for progress.

Guided by our three main business goals, namely pursuit of mandate, enhanced customer service, and institutional viability, LANDBANK aligned its objectives and initiatives to be more responsive to the needs of our mandated and priority clients, and to the development thrust of the national government.

REDEFINING PRIORITIES

In order to make our services more inclusive, we redefined LANDBANK's priority sectors last 2012 to give focus on three major sectors:

- Mandated Sector – covering small farmers and fisherfolk, agrarian reform beneficiaries (ARBs) and their associations;
- Support for Agriculture and Fisheries – including agri-business, aqua-business and agri-aqua-related projects of Local Government Units (LGUs) and Government-Owned and -Controlled Corporations (GOCCs); and
- Support for National Government Priority Programs (including Public-Private Partnership projects) – including micro, small and medium enterprises (MSMEs), communications, transportation, housing (socialized, low-cost, and medium-cost), education, health care, environment-related projects (including clean and renewable energy), and tourism.

We hope that by directing a greater part of our resources to these sectors, jobs and livelihood, as well as better social services, will be available to more people, ultimately leading to the creation of greater value in the economy. As of end-2012, LANDBANK's loans to these priority sectors exceeded its target and reached P205.3 billion, representing 75.0 percent our total regular loan portfolio of P273.8 billion.

REALIGNING THE ORGANIZATION

To keep pace with the industry and gear up LANDBANK to the demands of both business and our social mandate, we implemented a major organizational restructuring and established a new sector in 2012. Bank units, except those reporting directly to the Board of Directors or the President and CEO, were realigned into five sectors: Agricultural and Development Lending, Branch Banking, Corporate Services, Operations, and the newly created Treasury and Investment Banking.

With the new structure, LANDBANK has become more adaptable to present and future market needs. Units are now aligned according to business lines, thereby improving our efficiencies and enhancing service delivery.

With the realignment came greater focus on addressing and anticipating the banking and financial needs of each client set. LANDBANK is also geared at further expanding our loans to the priority sectors, as identified earlier, and extending our reach to the unbanked and underserved areas.

We have also strengthened our competencies in the areas of treasury and investment banking, allowing us to compete head-on with our peers. In 2012, we created the Treasury and Investment Banking Sector, headed by a seasoned market practitioner.

EXTENDING OUR REACH

Likewise crucial are projects aimed at enhancing the quality of our customer service through modernization of our services. In 2012, LANDBANK signed to become an institutional member of BancNet. Apart from interconnection with the largest ATM network in the Philippines, our BancNet membership opened new channels for interbank fund transfers, and internet and mobile banking.

LANDBANK installed 122 new ATMs in various locations all over the country, bringing the total number of our ATMs to 1,070 as of end-2012. This makes LANDBANK the 4th bank with the widest ATM coverage across the country. Also this year, we rolled out two mobile ATMs in Metro Manila, mainly to aid in the distribution of cash grants to beneficiaries of the national government's Conditional Cash Transfer Program.

Consistent with our goal to continuously improve client servicing, expect LANDBANK to establish more robust alternative banking channels, including mobile banking. Meanwhile, we also continue to fortify our physical network, with LANDBANK branches totaling 333. We opened five new branches and upgraded one extension office into a branch. We also have eight tellering booths, eight foreign exchange booths and 31 Lending Centers. Spanning 79 of the country's 80 provinces, LANDBANK's network of field offices remains the most extensive in the Philippines.

MAINTAINING A SOUND INSTITUTION

In line with our goal to continually improve, LANDBANK sustained our Quality Management System (QMS) and Environmental Management System (EMS) to include more operations and sites.

In 2012, we moved to the third phase of our ISO-QMS Program to cover the establishment of QMS and certification to ISO 9001:2008 of the branch banking operations of all 77 Metro Manila branches. Moreover, after passing the surveillance audit conducted for the year, the ISO 14001:2004 of the EMS at the LANDBANK Plaza and 15 NCR and provincial branches were maintained.

Another part of nurturing a sound institution is equipping our people with the right set of skills and sharpening their competencies. LANDBANK continues to provide development opportunities to employees through training and other leadership programs. While we have in place a succession planning program, we are also actively recruiting fresh talent to reinforce the organization. By aiming for more aggressive recruitment, a topnotch management development program, and a performance-oriented system, we can assure that the best of the best join LANDBANK.

PERFORMING WELL IN THE FINANCIAL SCORECARDS

The year 2012 was also a year of strong financial performance for LANDBANK. Our net income was at a record-high of P10.9 billion for 2012, which is 12 percent higher than our 2011 income of P9 billion. Our return on equity at 13.8 percent is higher than the industry average.

LANDBANK's total assets in 2012 expanded seven percent to P691.5 billion. Deposits increased seven percent to P543.8 billion while capital grew by eight percent to P83.9 billion from P77.7 billion.

LANDBANK's capital adequacy ratio remained high at 20.2 percent, more than double the regulatory standard of 10 percent.

ACHIEVING MORE BY DOING MORE

As the future presents us with new challenges and realities to face, such as the implementation of the Treasury Single Account along with the ever-growing needs of the society, it is crucial that we at LANDBANK constantly strive for bigger changes. We may have already succeeded in many aspects but we are set to achieve even greater heights by further improving our Treasury and Investment Banking Sector, developing our young professionals, modernizing our services and branches, and broadening our customer base.

Driven by our passion to excel in the industry, and staunch in our pursuit of the Bank's social mandate, LANDBANK commits to working with you towards our common dreams of better lives for Filipinos, and progress for our entire nation.

Sec. Cesar V. Purisima
Chairman

Gilda E. Pico
Gilda E.Pico
President and CEO

United for Development

The Province of Nueva Ecija is blessed with naturally rich soil. However, this resource can only be fully tapped with enough financial resources for machinery and needed agricultural inputs. To support their farming requirements, small farmers used to borrow money from private lenders who impose high interest rates, leaving them hardly enough income for the needs of their families.

These financial difficulties and the strong will to provide better lives for their children encouraged 16 farmers from the Municipality of Talavera to form a cooperative on April 3, 1989. They adopted the name, Nagkakaisang Magsasaka Agricultural Primary Multi-Purpose Cooperative (NMAPMPC) to represent their concerted efforts of working together towards progress and development for their community.

With an initial capital of ₱5,520, pioneer members addressed their perennial problem of insufficient funds for agricultural inputs and land preparation. On February 4, 1992, the co-op was registered with the Cooperative Development Authority. On the same year, it became a LANDBANK client through the Bank's then Sto. Domingo Field Office. NMAPMPC's initial loan availment financed crop production and palay trading business.

From meetings being held under the mango tree back in 1990, NMAPMPC now boasts of a 2.4-hectare lot in Brgy. Tabacao, Talavera which it owns and houses its main office, warehouses, rice mill, solar dryer and

function hall. The co-op also owns a 1,700 square meter lot in Brgy. Basang Hamog, Talavera and another 700 square meter lot in Brgy. Calaanan, Bongabon.

Meanwhile, NMAPMPC's minibank which started in 1997 was established through LANDBANK's mentoring and training. It aimed to instill the importance of saving while teaching members to borrow responsibly. As of end-2012, NMAPMPC has 265 regular members and 846 associate members in 79 barangays of Nueva Ecija. "Three common traits unite members and these include dedication to the cooperative, genuine concern for the welfare of the co-op and willingness to help fellow members in times of need," said Chairman Ricardo Buenaventura.

NMAPMPC values integrity in the operation of its rice mill and palay trading businesses. They believe that Nueva Ecija, being situated in the "rice granary of the Philippines", should be known for the production of quality rice for Filipinos. The co-op takes pride in its honest business practices. "We pack rice in the exact published weight and ensure that no supplements are added apart from the rice grain. We have also enhanced the packaging to make it at par with other commercial rice available in the market," said General Manager Teresita Serrano. LANDBANK recently tapped the cooperative as an anchor firm for milled rice under the Food Supply Chain Program with the member-primary co-ops of the Federation of Patriotic Farmer Cooperatives of Nueva Ecija as producer-conduits.

NMAPMPC envisions a cooperative that is progressive, strong and a reliable partner of its members in the fulfillment of their dreams. The co-op is continually working for a brighter future as it looks forward to expanding its rice marketing business to accommodate growing demand. It partners with the National Cooperative Marketing Federation, Morong Retailers Cooperative in Morong, Rizal and the Local Government Unit of Pasig to expand its network and thus, increase its market. It also plans to invest in the modernization of its equipment for the production of milled rice.

With its accomplishments through the years, NMAPMPC has been lauded by various organizations including LANDBANK. While it exists to support its members, the co-op sees to it that its impact extends to the community through various socio-civic projects.

Bringing Water to Leyte Communities

In some communities, the lack of access to potable water remains a problem. If not the absence of supply, residents have to contend with limited availability, confined only in specific hours within the day. To cope with the problem, some residents would illegally install motor pumps to access more water for their households which would consequently hamper the flow of water to nearby communities.

The need for water can't be underscored enough as it is essential for people's daily hygiene and hydration needs as well as in running various industries and economic activities like in a booming commercial area like Tacloban City.

The Leyte Metropolitan Water District (LMWD) responded to the challenge of providing reliable water supply services when they undertook a major rehabilitation program for the water district. Through a LANDBANK loan, LMWD implemented an expansion program which included the construction of an additional water treatment plant in Pastrana, Leyte. To fully utilize the production output of the new treatment plant, a 32.45-kilometer transmission pipeline was also constructed which runs from the Municipality of Pastrana to Tacloban City.

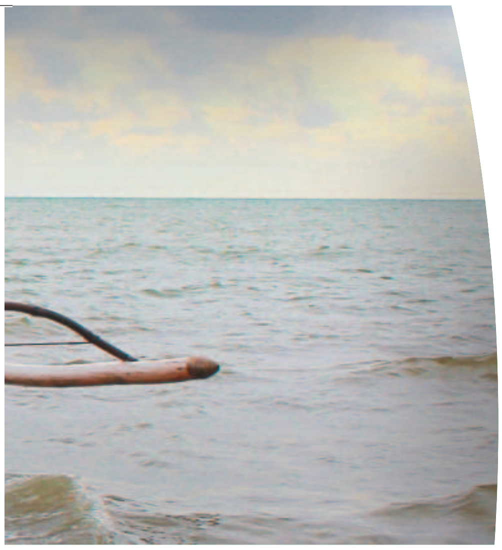
After the project was completed, concessionaires in Tacloban City observed the significant increase in water pressure. More households gained access to safe, reliable and economically viable water service, 24/7. Apart from Tacloban City, LMWD also services the water needs of the Municipalities of Dagami, Tabon-tabon, Tanauan, Tolosa, Pastrana, Santa Fe and Palo for a total of almost 30,000 households.

Complementing the improved delivery of water service is LMWD's enhanced internal policies and infrastructure. The management renovated the billing and collection section of their head office for the added convenience of customers who come to pay their bills. Installed water meters were upgraded for a more accurate recording of consumption level. LMWD staff also underwent trainings for improved customer service. The management strives to maintain a work environment that fosters teamwork and personal accountability. Outside of the office, employees are also involved in tree planting activities in denuded areas around the rivers which are sources of water.

LMWD General Manager Nestor Villasin says the rehabilitation of the water district's area of coverage is a work in progress. Water supply may be reduced depending on weather conditions or changes in the patterns of use. Moreover, existing distribution and service lines should also be continuously improved to be responsive to the needs of the communities for a more efficient water supply. The management remains determined to provide accessible and potable water to communities as they believe that water is a human right.

Pursuant to the provisions of Presidential Decree 198, LMWD was formed from the former Leyte Metropolitan Water Supply System and the Tolosa Waterworks System in 1975. It is supervised by the Local Water Utilities Administration.

Operational Highlights



Pursuit of Mandate

A major policy thrust of LANDBANK in the pursuit of its social mandate is the expansion of loans to the priority sectors. In 2012, LANDBANK adopted a new definition of priority sectors to further expand credit outreach to the unbanked and underserved areas, and respond to the call of the National Government to support priority investment projects as defined in the Philippine Development Plan 2011-2016.

The new definition categorized three major sectors, namely:

1. Mandated Sector - covers Small Farmers and Fisherfolk, Agrarian Reform Beneficiaries (ARBs) and their Associations;
2. Support for Agriculture and Fisheries - includes Agri-business, Aqua-business and Agri-Aqua-related projects of Local Government Units (LGUs) and Government-Owned and -Controlled Corporations (GOCCs); and,
3. Support for National Government Priority Programs (including Public-Private Partnership projects) - includes Micro, Small and Medium Enterprises (MSMEs), Communications, Transportation, Housing (socialized, low-cost, and medium-cost), Education, Health Care, Environment-related projects (including clean and renewable energy), and Tourism.

In 2012, LANDBANK's loans to the priority sectors grew to ₱205.3 billion or 75.1 percent of the Bank's regular loan portfolio of ₱273.4 billion.

PROGRAMS FOR THE PRIORITY SECTORS

Loans to the Mandated Sector

- *Loans for Small Farmers and Fisherfolk, Agrarian Reform Beneficiaries and their Associations*

Agriculture has always been a thrust of the National Government. With the country's rich agricultural resources, the National Government continues to invest in the sector not only to tap its vast potentials but also to support the small farmers and fisherfolk that comprise the sector. In 2012, agriculture and fisheries contributed 11 percent to the country's Gross Domestic Product. In support of this national thrust, LANDBANK continues to provide financial and development assistance to farmers and fisherfolk through qualified conduits.

In 2012, loan releases to small farmers and fisherfolk reached ₱39.9 billion. These loans were channeled through 888 accredited farmers and fisherfolk cooperatives, 313 countryside financial institutions (rural banks, cooperative banks and thrift banks) and 160 irrigators' associations. A total of 772,892 small farmers and fisherfolk benefited from these loans.

As of end-2012, loans outstanding to small farmers and fisherfolk amounted to ₱33.4 billion which represent 12.2 percent of the Bank's total loan portfolio. Of the ₱33.4 billion loans, ₱33.1 billion were lent to small farmers and the remaining ₱0.3 billion to small fisherfolk. The bulk of the loans were utilized for crop production which amounted to ₱18.4 billion (rice, corn and high value crops). Other economic activities financed include loans for agricultural mechanization such as post-harvest facilities and irrigation, poultry and livestock, and marketing including wholesale and retail trading.

Operational Highlights

- *Loans for Agri-business*

In support of agricultural production, LANDBANK likewise financed various agribusiness activities to strengthen the market for agricultural products. Loans for agri-business are extended to qualified borrowers including farmers and fisherfolk cooperatives, private business corporations and individuals who are directly engaged in agricultural services such as logistics and transport, and other value-adding activities such as processing, packaging and marketing.

In 2012, LANDBANK's outstanding loans to agri-business amounted to ₱17.9 billion representing 6.6 percent of the Bank's loan portfolio.

- *Loans for Agri-aqua-related projects of LGUs*

LANDBANK has been consistently extending financial assistance to LGUs in their developmental projects that directly benefit the mandated and other priority projects.

In 2012, the total outstanding LGU loans on agri-aqua and other developmental projects reached ₱35.1 billion which represent 12.8 percent share of the Bank's total loan portfolio.

Projects financed for agri-aqua and developmental projects of LGUs include the construction of farm-to-market roads and bridges, public markets, schools, hospitals, water system, sanitation and drainage, reclamation projects, agricultural transport terminals, and acquisition of machineries and equipment used for opening up and maintaining farm-to-market roads, and solid waste management.

- *Loans for Agri-related Projects of GOCCs*

LANDBANK extends financial assistance in support of the agri-aqua-related projects of GOCCs such as the National Food Authority and the Philippine Coconut Authority. Through these loan facilities, the GOCCs are able to provide marketing and other support services to the sector.

As of end-2012, loans outstanding to GOCCs amounted to ₱12.9 billion which represent 4.7 percent of the Bank's loan portfolio.

Loans to the Priority Sectors

- *Loans for Micro, Small and Medium Enterprises (MSMEs)*

The growth of the micro, small and medium enterprises (MSMEs) sector has always been a priority of the National Government. For one, the sector comprises 99.8 percent of the total number of establishments in the country, and thus, offers vast potentials in terms of creating value, jobs and employment.

In 2012, LANDBANK's loans outstanding to MSMEs amounted to ₱30.3 billion or 11.1 percent share of the Bank's total loan portfolio. Of the ₱30.3 billion, ₱23.0 billion were lent to small and medium enterprises and ₱7.3 billion to microenterprises through accredited conduits.

OFW Reintegration Program

The OFW Reintegration Program was implemented in 2011 to provide financial assistance to Overseas Filipino Workers (OFWs) particularly those whose contract had already expired or who were displaced due to political crisis that erupted in the host countries. LANDBANK, in partnership with the Department of Labor and Employment, extends loans to OFWs or their family members to finance projects that would suit the entrepreneurial capabilities of the borrowers.

In 2012, loan releases to OFW borrowers reached ₱210.5 million. As of end-2012, loans outstanding amounted to ₱267.8 million involving 428 OFWs and generated 2,023 jobs. Projects undertaken by the OFWs include rice trading, piggery, poultry and egg production, meat processing, internet café, transportation, restaurant, grocery/retail stores, music school, foot and body massage, dental laboratory and LPG trading, among others.

- *Loans for Environment-related Projects including Clean and Renewable Energy*

LANDBANK finances loans for the following environment-related projects:

1. Projects that enhance the environment;
2. Projects that harness the potential of renewable and alternative energy resources;
3. Projects that reduce/prevent pollution;
4. Projects that promote resource conservation;
5. Projects that promote climate change adaptation; and
6. Projects that promote climate change mitigation.

In 2012, loans outstanding to environment-related projects including clean and renewable energy amounted to ₱26.8 billion or 9.8 percent of the Bank's loan portfolio.

- *Loans for Livelihood*

In support to the National Government's thrust to help improve the lives of the government and private sector employees, LANDBANK provides assistance to qualified fixed income earners by financing livelihood activities that will generate additional income.

In 2012, LANDBANK's outstanding livelihood loans amounted to ₱4.4 billion or 1.6 percent of the Bank's total loan portfolio.

- *Loans for Housing (socialized, low-cost and medium-cost)*

Another major program which the National Government promotes is housing. The government aspires to provide affordable housing to a great number of individuals who have been renting or sharing shelters. Housing projects that LANDBANK considers as priority sector are those classified as socialized, low-cost and medium-cost to give opportunities to a wide range of individuals with different paying capacities. Socialized housing ranges from ₱400,000 or lower per unit, low-cost housing from more than ₱400,000 to ₱3,000,000, and medium-cost housing from more than ₱3,000,000 to ₱4,000,000.

In 2012, loans outstanding to housing-related projects reached ₱23.3 billion. Of the amount, ₱20.3 billion is classified under the Bank's priority sector. This represents 7.4 percent of the Bank's total regular loans.

Support Programs for Agricultural Credit

As part of the Bank's overall effort to promote agriculture lending and expand assistance to small farmers and fisherfolk, LANDBANK actively engages in agriculture support programs that will strengthen conduits and help mitigate the risk in agriculture lending.

- *Agricultural Credit Support Project (ACSP)*

LANDBANK also implements the Agricultural Credit Support Project (ACSP) which provides credit and non-credit support to promote value chain financing in agriculture.

The ACSP is funded by the Japan International Cooperation Agency with total available funds of JPY 14.6 billion. As of December 31, 2012, total project disbursements amounted to ₱7.8 billion, of which ₱7.7 billion were extended to cooperatives, small and medium enterprises, and agri-business with total number of beneficiaries reaching 82,931.

- *Agricultural Guarantee Fund Pool (AGFP)*

The Agricultural Guarantee Fund Pool (AGFP) is a program of the Department of Agriculture (DA) which is jointly administered by the Agricultural Credit Policy Council of the DA and LANDBANK.

The AGFP is a pool of funds which is used to guarantee the food production loan portfolio of financial institutions. The AGFP was set up in 2007 to encourage financial institutions and other credit conduits to lend to small farmers in support of the government's agricultural productivity program.

- *Philippine Crop Insurance Corporation (PCIC)*

The Philippine Crop Insurance Corporation (PCIC) is a GOCC that is attached to the DA with a mandate to provide insurance protection to farmers against losses arising from natural calamities, plant diseases and pest infestations of their *palay*, corn and other crops. The PCIC also provides protection against damage to/loss of non-crop agricultural assets including but not limited to machineries, equipment, transport facilities and other related infrastructures due to perils the assets are insured against. The crop insurance is a risk mitigant that is available to agriculture financing institutions.

As the lead agriculture bank, LANDBANK actively participates in a PCIC working team where concerns and solutions on crop insurance issues are taken up. Also, the Bank is a member of the PCIC Board of Directors.

- *Strengthening Program for Co-op Banks (SPCB)*

The program aims to strengthen the cooperative banking system through mergers/consolidation with or acquisition of weak cooperative banks by Strategic Third Party Investor. The SPCB is a joint undertaking by the BSP, the Philippine Deposit Insurance Corporation (PDIC) and LANDBANK.

The program has three components:

1. Equity investment program which shall be jointly provided by the BSP, PDIC and LANDBANK
2. Direct loans from the BSP and PDIC; and,
3. Credit facility from LANDBANK to augment and sustain the operation of the surviving bank.

Of the 39 operating cooperative banks (CB),12 CBs have pursued their applications under the program.

- *Equity Investment Program for Countryside Financial Institutions (CFIs)*

The Equity Investment Program for CFIs aims to strengthen the capital base of eligible banks, thus allowing them to expand lending specifically to small farmers and fisherfolk.

The program is available in three modules:

1. Developmental – available to banks that have recently undergone mergers and consolidation;
2. Business – offered to countryside financial institutions with a strong balance and with intent to expand agri-lending; and,
3. Risk Recovery – qualified CFIs are tapped by LANDBANK in the collection of problem accounts, and where collections are converted as LANDBANK equity to the participating CFI.

Operational Highlights

As of December 31, 2012, the Bank's outstanding investments under the developmental and business modules amounted to ₱1.2 million and ₱52.4 million, respectively. Below is the status of the program as of end-December 2012:

Type of Investment	Approved Amount (Cumulative) (in ₱M)	Amount Released (in ₱M)	Outstanding Balance (in ₱M)
Business	82.830*	67.830**	52.425
Developmental	1.205	1.205	1.205
Risk Recovery	-	-	-
TOTAL	**84.035**	**69.035**	**53.630*****

**₱18.0 million approved for three banks in 2012*
***₱3.0 million released for one bank in 2012*
**** Net of redemption made by three banks with total amount of ₱14.2 million*

- *Unsecured Subordinated Debt Facility for Countryside Financial Institutions*

The Unsecured Subordinated Debt Facility (USDF) for Countryside Financial Institutions (CFIs) has a ₱1.8 billion fund which aims to improve the capital adequacy ratio (CAR) of the participating CFIs. Under this facility, LANDBANK subscribes to the unsecured subordinated notes (Lower Tier 2) issued by the participating CFIs. The USDF improves the CFIs' capital base that would allow their lending activities to expand in the countryside.

As of end-2012, outstanding balance of the USDF amounted to ₱790.5 million with 13 participating CFIs.

- *Credit Surety Fund (CSF)*

The Credit Surety Fund (CSF) is a program implemented by the Bangko Sentral ng Pilipinas (BSP), which aims to help the MSMEs by providing collateral alternatives for, and payment assurance on their bank loans.

It is a fund pool from the contributors of participating proponents such as cooperatives, LGUs, non-government organizations (NGOs), banks and other donors, which is executed through a Memorandum of Agreement, by and among the proponents. The CSF is governed by an oversight committee which is formed at the provincial level and where members are elected by all contributors to the fund.

In 2012, LANDBANK approved and released contributions of ₱57.7 million and ₱28.8 million, respectively to 22 CSF proponents. The total approved loans covered by CSF amounted to ₱198.0 million. Of these, ₱170.0 million was released to 21 cooperative conduits and 38 small and medium entrepreneurs.

Agricultural Credit Expansion Program

- *Grassroots Development Program (GDP)*

In line with the Bank's thrust to expand its reach and promote financial inclusion, LANDBANK in 2011 introduced the Grassroots Development Program (GDP) which extends financial and technical support to small farmers and fisherfolk in unserved and underserved areas and municipalities. Under the program, grassroots-enabling partners (GEPs) such as agri-business entities and NGOs are tapped through the Bank's conduits to provide direct intervention and support to qualified small farmers and fisherfolk and other micro entrepreneurs.

The GDP has two components–credit and technical assistance. An initial amount of ₱500 million has been allocated by the Bank for the credit component of the GDP. Likewise, an initial amount of ₱50 million was earmarked by LANDBANK as technical assistance fund for capacity development, livelihood training, and organization building. The said funds can be tapped by the Bank's conduits in providing assistance to the small farmers and fisherfolk and micro entrepreneurs through the GEPs.

As of year-end 2012, the Bank has reached out to 46 unserved municipalities from the 71 unserved areas in 2010.

- *Sikat-Saka Program*

As a measure to address the financing needs for palay production of small farmers tilling 0.5 to five hectares and who are not members of a LANDBANK-accredited cooperative, LANDBANK and the DA forged a partnership for the implementation of the Sikat-Saka Program. The program was launched on January 20, 2012 to support DA's Food Staples Sufficiency Program. Under the program, a credit window was made available to provide small farmers with direct access to credit.

The Sikat-Saka program recognizes the significant and critical role of individual palay farmers as a major player in supporting the government's thrust on food sufficiency through the rice production program.

Under the program, LANDBANK shall provide financial assistance and manpower to complement, manage and monitor the program implementation. Aside from credit, the program also offers an integrated support package through the attached agencies of the DA, such as extension services, marketing, and irrigation services.The program beneficiaries were also issued DA Sikat-Saka ATM cards for the crediting of their loan proceeds, savings mobilization and debiting of their loan payments.

The program is being implemented in four pilot areas namely Isabela, Nueva Ecija, Iloilo, and North Cotabato, and is set to cover 16 more rice-producing provinces.

As of December 31, 2012, 699 farmers have been assisted by the program with total loan releases of ₱48.3 million.

- *Developing Partnership Through Key Cooperatives*

LANDBANK also taps strong Bank-assisted Cooperatives (BACs) to assist small farmers and fisherfolk. These co-ops, which are classified A and B under the Bank's Cooperative Accreditation Criteria, are called Key Cooperatives (KCs) as they play a critical role in providing development support to a particular group of small farmers and fisherfolk.

As part of the development partnership, the KCs absorb the good-paying members (GPMs) of disenfranchised cooperatives and extend to them the same financial and technical support the KCs give to its members. As an incentive for key cooperatives to absorb more farmer-members and sustain good performance, LANDBANK provides a one percent reduction of interest rates on loans. Also, members of the KCs get subsidized training programs, and are given recognition in the Bank's annual Gawad PITAK program.

As of end-December 2012, the Bank was able to accredit a total of 223 Key Cooperatives nationwide.

Development Assistance Programs

In 2012, the Bank continued extending development assistance support to its mandated sectors. The support aims to further strengthen the operations and processes of the cooperatives to enable them to extend continued assistance to their farmer-members.

- *Cooperative Operations Review Instrument (CORI)*

As part of the Bank's continuing development assistance to BACs, LANDBANK conducts a periodic review of the cooperatives' operations. The periodic review focuses on determining the operational strengths and weaknesses of the cooperatives which will be used as a basis for credit, and identifying the appropriate capacity-building intervention that may be provided to them.

To further refine the operations review, the Bank developed the enhanced Cooperative Operations Review Instrument which covers five areas or components, namely, control environment, risk assessment, control activities, information and communication, and monitoring.

- *Awards and Recognition*

Cognizant of the contributions of the LANDBANK conduits/clients in promoting countryside development, the Bank, on an annual basis, recognizes the outstanding performance of its development partners. LANDBANK gives awards to partner cooperatives, countryside financial institutions, and small and medium enterprises.

Gawad sa Pinakatanging Kooperatiba (Gawad PITAK)

The Gawad sa Pinakatanging Kooperatiba (Gawad PITAK) is LANDBANK's recognition program for outstanding cooperatives which have positively and significantly influenced their respective members and communities through sustained and excellent performance. On its 22nd year in 2012, the Gawad PITAK's selection of winners was done in partnership with the Committee on Cooperatives of the Philippine Congress (Senate and House of Representatives), the Department of Agriculture, the Department of Agrarian Reform, the Cooperative Development Authority and the Polytechnic University of the Philippines.

In 2012, the following Bank-assisted cooperatives were accorded the Gawad PITAK awards:

Agri-based Category

First Place - Baug CARP Beneficiaries MPC (Magallanes, Agusan del Norte)
Second Place - Bagumbayan Primary MPC (Llanera, Nueva Ecija)
Third Place - Catmon MPC (Sta. Maria, Bulacan)
Fourth Place - Paglaum MPC (Plaridel, Misamis Occidental)
Fifth Place - Leon Small Coconut Farmers MPC (Leon, Iloilo)

Non-agri-based Category

First Place - Sta.Cruz Savings and Development Cooperative (Sta. Cruz, Ilocos Sur)
Second Place - Iwahori MPC (Mariveles, Bataan)
Third Place- Barbaza MPC (Barbaza, Antique)
Fourth Place - NIA Region IV Employees MPC (Pila, Laguna)
Fifth Place-Socorro Government Officials and Employees MPC (Surigao del Norte)

- *Gawad Entrepreneur*

LANDBANK also gives recognition to outstanding LANDBANK-assisted small and medium enterprises (SMEs) under its annual Gawad Entrepreneur. The program was on its 9th year in 2012. The awardees serve as the Bank's partners in encouraging potential entrepreneurs to pursue socially-responsible undertakings that contribute to the growth of the community and its members.

For 2012, the following SMEs were given the Gawad Entrepreneur:

Outstanding Agri-based Entrepreneur
Sps. Marcelina and Salvador Cabaero
Maura Gesha's Grains Buying Station
San Guillermo, Isabela

Outstanding Non-Agri-based Entrepreneur
Sps. Elizabeth and Yco Tan
Evegate Salon/Adam's House Salon Supply and Equipment Center
Legazpi City, Albay

SME Bagong Bayani
Sps. Elizabeth and Yco Tan
Evegate Salon/Adam's House Salon Supply and Equipment Center,
Legazpi City, Albay

- *Outstanding Countryside Financial Institutions (CFI)*

The CFI contribution in the delivery of credit in the countryside is likewise recognized. On a yearly basis, LANDBANK identifies partner rural banks that have significantly contributed to the Bank's objective of expanding financial assistance in the rural areas. On its 14th year, LANDBANK conferred five national awards, 10 regional awards and special awards to partner-rural banks, to wit:

National Winners
First Place - Rural Bank of Cauayan, Inc. (Isabela)
Second Place - Cantilan Bank, Inc. (Surigao del Sur)
Third Place- Progressive Bank, Inc. (Iloilo)
Fourth Place - Gulf Bank - A Rural Bank, Inc. (Pangasinan)
Fifth Place- Rural Bank of Goa, Inc. (Camarines Sur)

Regional Winners
Region I - Gulf Bank - A Rural Bank, Inc. (Pangasinan)
Region II - Rural Bank of Cauayan, Inc. (Isabela)
Region III - Rural Bank of Porac, Inc. (Pampanga)
Region IV-A - Bangko Kabayan (A Rural Bank), Inc. (Batangas)
Region V - Rural Bank of Goa, Inc. (Camarines Sur)
Region VI - Progressive Bank, Inc. (Iloilo)
Region VIII - Rural Bank of Hilongos, Inc. (Leyte)
Region IX - Rural Bank of Rizal, Inc. (Zamboanga del Norte)
Region XI - Rural Bank of Montevista, Inc. (Davao del Norte)
Region XIII - Cantilan Bank, Inc. (Surigao del Sur)

Special Awards:
Best in Capital Build-up - Cantilan Bank, Inc. (Surigao del Sur)
Best in Reciprocal Business - Gulf Bank - A Rural Bank, Inc. (Pangasinan)
Best in Profitability - Rural Bank of Porac, Inc (Pampanga)
Best CFI Availer-All Loans - Gateway Rural Bank, Inc. (Bulacan)
Best CFI Intermediary - Rural Bank of Goa, Inc. (Camarines Sur)
Best CFI Availer-Agri/Agra Loans- Zambales Rural Bank, Inc. (Zambales)
Best CFI Availer-Microfinance Loans - Progressive Bank, Inc. (Iloilo)

FOOD SUPPLY CHAIN PROGRAM

The Food Supply Chain Program (FSCP) is a synergy program jointly implemented by LANDBANK, the Department of Agriculture and the Department of Finance. The program aims to provide financial assistance to all key players in the food system to ensure that each link in the value chain is efficient and strong. The employment of efficient production methods in the food system redounds to lower cost of operation, improvement in income, and lower consumer prices.

The Baug CARP Beneficiaries MPC from Magallanes, Agusan del Norte bagged the first prize in the Gawad PITAK 2012 Agri-based category.

Under the FSCP, LANDBANK extends financial assistance to agricultural producers, service providers such as transport and logistics, processors such as millers and agri-business entities, and other market players.

The program strengthens the market linkages between agricultural producers and processors through the signing and execution of a Production, Technical and Marketing Agreement (PTMA) between the participating farmer's organization and the processor or anchor firm. Under the provisions of the PTMA, the anchor firm provides technical assistance to the participating farmer's organizations to ensure that product requirements of the anchor firm are met. On the part of the farmer's organization, the signing of the PTMA enables them to have a ready market for their produce. From the time of its launch in October 2010, the program gained momentum as more farmers' cooperatives and organizations, SMEs, NGOs, and producers participated.

In 2012, a total of ₱8.7 billion was released for 115 projects involving 320 conduits (farmer cooperatives and associations, NGOs) and 115 anchor firms. The cumulative total releases from October 2010 to December 2012 reached ₱18.2 billion.

SUPPORT TO THE COMPREHENSIVE AGRARIAN REFORM PROGRAM (CARP)

As provided in the LANDBANK Charter, the Bank serves as the financial intermediary of the Comprehensive Agrarian Reform Program (CARP). As such, LANDBANK extends key services such as land valuation of CARPable lands, processing of payments of landowners' compensation, collection of amortization payments from ARBs, and extension of credit to small farmers and fisherfolk through conduits.

CARP Land Transfer Operations

LANDBANK ensures that the rights of landowners to just compensation are exercised with due diligence through correct land valuation process.

In terms of land valuation, 1,449 land transfer claims covering 15,398 hectares were approved for payment in 2012. The total value of the approved land transfer claims amounted to ₱2.0 billion.

Landowners Compensation and Assistance

As the financial intermediary of CARP, LANDBANK disbursed ₱2.5 billion as compensation to owners of CARP-covered private agricultural lands in 2012. Out of the ₱2.5 billion, initial payment of ₱0.6 billion was paid in cash while the remaining ₱1.9 billion was in the form of CARP bonds.

The Bank also assisted CARP-covered landowners and bondholders in the marketing/trading or encashment of their CARP bonds. In 2012, total CARP bonds sold amounted to ₱387.1 million involving 935 landowners and bondholders.

Land Amortization Collections from CARP Farmer-Beneficiaries

In 2012, land amortization collections from Agrarian Reform farmer-beneficiaries declined to ₱451.8 million, 10 percent lower than the ₱502.5 million collected in 2011. This is due to the impact of devastating typhoons that hit the country on the paying capacities of the CARP beneficiaries.

LANDBANK-administered Agrarian Reform Fund for CARP

The fund balance of the LANDBANK-administered Agrarian Reform Fund amounted to ₱7.4 billion in 2012 compared to ₱7.8 billion in 2011. The ARF is a special fund created under Sections 20 and 21 of Executive Order 229, series of 1987, to cover the estimated cost of the CARP. The LANDBANK-administered ARF is used to pay for the cash portion of landowners' compensation.

The Sta. Cruz Savings and Development Cooperative of Sta. Cruz, Ilocos Sur bagged the first prize in the Gawad PITAK 2012 Non-Agri based category.

Operational Highlights

Customer Service

EXPANSION AND WIDENING OF DELIVERY CHANNELS

New Branches

In 2012, LANDBANK opened five new branches and upgraded one extension office into a branch, bringing the total number of branches to 333. This continuous effort to expand its branch network enables the Bank to have a wider market reach, particularly in the countryside.

LANDBANK remains to have the widest reach in the banking industry with presence in 79 of the country's 80 provinces. Located in Luzon are 212 branches, 78 of which are in the National Capital Region, 53 branches in the Visayas and 68 branches in Mindanao.

In addition, LANDBANK has eight tellering booths, eight foreign exchange booths and 31 Lending Centers to serve the banking needs of its customers.

New ATMs

As part of LANDBANK's ATM deployment program for the year 2012, the Bank installed 122 new ATMs in various locations nationwide, replaced 45 old ATMs, and de-installed seven unserviceable ATMs. This program was vigorously pursued by the Bank to expand its delivery channels and bring financial services closer to more Filipinos especially those in the underserved areas of the countryside.

With a total of 1,070 ATMs as of year-end 2012, LANDBANK maintained its ranking as the fourth largest bank in terms of ATM network. These ATMs were distributed nationwide with 291 (27 percent) in the National Capital Region, 194 (18 percent) in Northern and Central Luzon, 177 (17 percent) in Southern Luzon, 183 (17 percent) in the Visayas and 225 (21 percent) in Mindanao.

The Bank's ATM availability rate continued to improve at 89.1 percent in 2012 from 86.8 percent in 2011. To ensure improvement in availability rate, the following measures were implemented in 2012:

1. Implementation of a modified ATM bills dispensing scheme where ₱1,000 bills were loaded to increase the ATM cash load by 31 percent;
2. Full ATM cash loading on Fridays and conduct of first level maintenance by the branches even on weekends;
3. Conduct of regular training to branch personnel on ATM hardware-related concerns including ATM monitoring; and,
4. Closer coordination with the service provider.

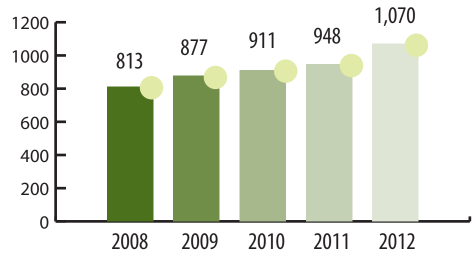
The number of debit cardholders of LANDBANK, comprising of ATM and Cash Cardholders, also continued to grow through the years.

As of year-end 2012, LANDBANK ranked third in the banking industry in terms of cardholder base. A significant growth rate of 32 percent was realized in 2012 bringing the total cardholders to 6.29 million from 4.78 million in 2011.

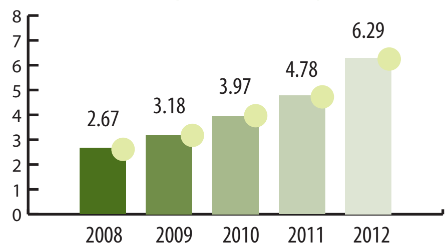
In October 2012, LANDBANK forged a tie-up with BancNet. This new tie up, along with the existing interconnection with Megalink and Expressnet, allowed the Bank's ATM cardholders to have access to additional 12,081 ATMs nationwide.

Operational Highlights

ATM NETWORK



ATM CARDHOLDER BASE
(in millions)



Mobile ATMs

In August 2012, the Bank rolled out two mobile ATMs in Metro Manila primarily to aid in the distribution of cash grants to beneficiaries of the Conditional Cash Transfer (CCT) Program of the government. These mobile ATMs were also used to support other withdrawal transactions. In 2012, a total of 2,442 transactions were processed in the mobile ATMs with transaction value amounting to ₱7.94 million.

Number of Conduit Banks

In 2012, the Bank partnered with 380 countryside financial institutions composed of rural banks, cooperative banks and thrift/development banks in extending financial assistance and other basic banking services in the countryside.

In addition, LANDBANK maintained correspondent banking relationships with 842 partner banks, comprising of 823 international banks and 19 local banks. Among the 842 international banks, 60 have established lines with LANDBANK, while the rest have SWIFT arrangements. These correspondent banks helped facilitate the service capabilities of the Bank in many areas locally and globally.

Number of Cooperatives

In order to expand its reach and cover a greater number of small farmers and fisherfolk, the Bank accredits cooperatives as credit conduits and partners in extending financial and other development assistance to the sector. For the year 2012, the Bank partnered with1,577 cooperatives.

Remittance Tie-ups/Partnerships

Cognizant of the important role of remittances in boosting the country's economy and the need for efficient, accessible and affordable fund transfer mechanisms for Overseas Filipinos, LANDBANK provided cross-border payment services to wholesale and retail clients across the globe. As a result, the Bank was able to achieve a stronger position in the remittance industry in 2012 and surpassed the previous year's remittance performance. The total remittance volume rose from USD 721 million in 2011 to USD 733 million in 2012.

As part of its continuing effort to expand the overseas collection points, LANDBANK successfully negotiated partnerships with wholesale clients, among which were SBI Remittance Co. LTD. in Japan; World Reliance Trading Corp. and Global Pinoy Remittance Services in Singapore; Cash Sense Inc. in Hong Kong; Salazar KwartaPadala in Australia; Unilink Express Payments in Saudi Arabia; Delma Exchange in Abu Dhabi; and Xoom in the USA. The Bank also joined forces with shipping companies D'Amico Ship and Cebu Ace Maritime Corp. in servicing the payroll of seafarers.

CONVENIENCE BANKING AND OTHER BANKING PLATFORMS

Phonebanking – Phone Access

The LANDBANK Phone Access is a 24/7 telephone banking service for ATM and current account depositors. By simply dialing telephone number 405-7000 in NCR and toll-free number 1-800-10-405-7000 outside NCR, a depositor can perform banking transactions such as bills payment, fund transfer, balance and last debit/credit transaction inquiries, checkbook requisition, bank statement request, check status and check deposit inquiries and report on lost or stolen card.

The Phone Access enrolled accounts totaled 2,777,538 as of year-end 2012, representing 99.99 percent of the total number of eligible accounts. The phonebanking transactions processed during the year reached 2,502,127 including 62,712 calls handled by the Customer Care Center.

Retail Internet Banking – iAccess

The LANDBANK iAccess is an e-banking platform that offers individual depositors the advantage and ease of performing a range of banking transactions on a 24/7 basis and at the comfort and convenience of home or office. By logging on to www.lbpiaccess.com, an enrolled depositor can avail of financial services such as fund transfer, bills payment and checkbook requisition. Non-financial services such as account summary, account history, check status and returned check deposit inquiries, and report of lost or stolen ATM card are also available.

As of year-end 2012, iAccess enrollees reached 762,499, which represented 47 percent growth rate from the previous year's 519,484 enrollees. On the other hand, the iAccess transactions processed in 2012 totaled 10,206,087 amounting to ₱1.14 billion.

Institutional Internet Banking – weAccess

The LANDBANK weAccess is an internet banking facility that is designed for institutional clients, both in the private and government sectors. By simply logging on to www.lbpweaccess.com, various banking services can be accessed and transacted such as balance inquiry, account statement, fund transfer, fund sweeping, bills payment, auto debiting, auto crediting, payroll, check status inquiry, and loan information.

Enrollment for the year 2012 totaled 2,595 institutions registering a 69 percent increase from last year's 3,757. This brought the total weAccess enrollment to 6,352 institutions as of year-end 2012. The volume of weAccess transactions processed totaled 3,444,821 amounting to ₱33.91 billion.

Express Payment System

Through the Express Payment System (EPS), the LANDBANK ATM card and the LANDBANK Cash Card can be used as debit cards. Transactions for the payment of purchases are done via auto debit from the cardholder's account and credit to the establishment's account through a simple swipe of the ATM card in the point-of-sale (POS) terminals of accredited establishments nationwide and a key-in of the cardholder's personal identification number (PIN).

The EPS transactions recorded a 20 percent growth rate from 2.7 million in 2011 to 3.2 million in 2012.

CUSTOMER-CENTRIC BANK PRODUCTS AND SERVICES

Bank Products

- *Deposits*

Depositors can choose from the wide array of deposit products offered by LANDBANK to match their specific needs or requirements.

LBP High-Yield US Dollar Three-Year Time Deposit

In August 2012, a new deposit product – the LBP High-Yield US Dollar Three-Year Time Deposit (USD 3TD) was launched as LANDBANK's anniversary product offering. The product features a compounded interest on deposit, and offers 2.5 percent fixed interest rate for the three-year term. Minimum amount of placement is USD 5,000.00. In the first four months of product offering, the Bank generated a total of USD 89.24 million in deposit.

- *Loans*

LANDBANK continued to faithfully pursue its lending operations for the priority sectors to promote countryside development.

Aside from the Department of Agriculture's (DA's) Sikat-Saka Program, new credit programs were implemented in 2012 such as the Step-Up Loan Program and the Agrarian Production Credit Program.

Step-Up Loan Program

The Step-Up Loan Program provides short-term loan package to loan conduits which include Class A cooperatives, rural and cooperative banks, thrift banks, financing companies, and non-government organizations to support their lending operations. It offers competitive interest rates and loan amounts depending on the borrower's requirement, but not to exceed 85:15 debt-equity ratio.

Agrarian Production Credit Program

This program was jointly implemented by the DA, the Department of Agrarian Reform, and LANDBANK pursuant to CARPER Law to provide financial, technical and other support services to agrarian reform beneficiaries through farmers' organizations. It is a transition program which aims to prepare farmers' organizations to become credit conduits of the Bank.

- *Trust*

LANDBANK's trust products are designed to give clients the best value for their investments.

In 2012, a new trust product, the Money Market Fund, was launched. For a ₱10,000 minimum investment, conservative investors get decent returns for a minimum holding period of 30 days.

- *Investment*

As a universal bank, LANDBANK also provides a wide range of investment banking services for both the public and private sectors.

In 2012, LANDBANK was involved in various investment banking transactions of government agencies that included the Bureau of the Treasury (BTr), National Home Mortgage and Finance Corporation (NHMFC), and the DA. The Bank also engaged in investment banking transactions for private corporations such as the Avida Land Corporation, All Asian Countertrade Inc., Globe Telecom Inc., National Grid Corporation of the Philippines, and Seaoil Philippines, Inc.

In January 2012, LANDBANK successfully issued its own ₱10.5 billion Tier 2 Notes, which at that time, was the largest domestic Tier 2 issuance carrying the lowest coupon rate.

For listing the first residential asset-backed security in relation to the ₱603 million Bahay Bonds 2 issue of the NHMFC in August 2012, the Bank received the Innovative Corporate Bond Issue of the Year Award for 2012 from the Philippine Dealing System Group.

The Bahay Bonds 2 was solely arranged and underwritten by LANDBANK. In March and October 2012, the Bank was the Joint Issue Manager for the ₱179.8 billion Retail Treasury Bonds 15 and the ₱188.0 billion Retail Treasury Bonds 16 of the BTr. In December 2012, the Bank also served as the Issue Manager for the first onshore dollar bonds (ODBs) issued by the BTr amounting to USD 500 million.

- *Treasury*

For proprietary investment in 2012, LANDBANK engaged in the issue of Indonesian sovereign bonds for yield enhancement, and in the ODBs issued by the BTr. In support of the government's effort to pay off short debt maturities and manage liability maturities, the Bank also participated in the ROP buyback program of the Department of Finance.

Bank Services

- *Customer Care Center*

The LANDBANK Customer Care Center provides 24/7 customer assistance and 8/5 iAccess and weAccess helpdesk.

For the year 2012, the Customer Care Center handled a total of 130,886 requests for assistance, covering Phone Access, iAccess, and weAccess transactions.

- *Pre-departure Orientation Seminars (PDOS)*

As part of the Bank's continuing assistance to OFWs, LANDBANK conducts PDOS, Pre-employment Orientation Seminar and Community Education Program, in coordination with the Commission on Filipinos Overseas and the Overseas Workers Welfare Administration. The Bank handled lectures on financial literacy and made marketing presentations on Overseas Filipino accounts offered by the Bank. In 2012, a total of 432 PDOS were conducted by LANDBANK and participated in by 21,600 OFWs.

- *Point-of-Sale (POS) Payment of Ninoy Aquino International Airport (NAIA) Terminal Fees*

To facilitate the payment of terminal fees by domestic and international passengers, LANDBANK installed 11 units of POS terminals in NAIA. In 2012, a total of 60,420 transactions were processed in the POS amounting to ₱52.4 million.

- *wePayAccess Internet Payment Facility*

In June 2012, the Bank launched the wePayAccess internet payment facility. The wePayAccess is a web-based system which provides viewing of account information and bills payment feature to institutional depositors, including government institutions. By logging on to www.lbpwepayaccess.com, institutions can also remit their employees' contributions to the Home Development Mutual Fund, and settle their bills to Manila Water, Maynilad, Sky Cable, Globe and Innove.

CASH MANAGEMENT SERVICES TO THE NATIONAL GOVERNMENT

As a Government Financial Institution, LANDBANK delivers various cash management services in support of various government operations and programs. These services include the following:

Modified Disbursement Scheme (MDS)

As the primary depository bank of the national government, LANDBANK services the disbursement system of government funds through the Modified Disbursement Scheme (MDS), in coordination with the Department of Budget and Management and the BTr.

For the year 2012, LANDBANK branches processed 83 percent of the government's total disbursements amounting to ₱1.12 trillion. The amount involved a total of 4.6 million checks issued by 34 government agencies. These disbursements included payments and fund releases of the government for development projects, operating expenses, and salaries of government personnel.

Continuous Form Checks (CFCs)

LANDBANK also handles the encashment of Continuous Form Checks (CFCs) issued by government agencies and instrumentalities for payment of personnel salaries and other monetary benefits. In 2012, LANDBANK processed 3.6 million CFCs issued by 13 government agencies involving a total amount of ₱37 billion.

Electronic Modified Disbursement System (eMDS)

In 2012, the Bank launched the Electronic Modified Disbursement System (eMDS), a web-based system that allows enrolled government agencies to do selected MDS transactions online through www.lbpemds.com. With the eMDS, the agency can transfer funds from an enrolled MDS account to another MDS account of the agency or to an enrolled internal creditor's account. The agency can also view MDS account information and transaction history, request MDS checkbook, and create or upload status of checks issued. By end of 2012, a total of 16,027 transactions were processed for 154 enrolled agencies amounting to ₱292.6 billion.

Revenue Collection Services

With its network of branches spread all over the country, LANDBANK becomes a strategic conduit where individuals and corporations can pay duties and taxes. In 2012, a total of ₱122.0 billion in taxes were collected by the Bank for the National Government. Of the amount, ₱101.1 billion involving 4.3 million transactions were for the Bureau of Internal Revenue while ₱20.9 billion involving 43,235 transactions were for tariffs and duties collected for the Bureau of Customs.

Conditional Cash Transfer (CCT) Program

LANDBANK serves as the distribution channel for the Conditional Cash Transfer (CCT) Program of the National Government. The CCT is a program that provides cash grants to extremely poor households on the condition that the beneficiaries comply with its developmental objectives related to education and health.

Under the CCT, program beneficiaries are issued cash cards where monthly cash grants from the government are credited. To expand distribution channels and better facilitate cash disbursement, the Bank also accredited cooperatives, rural banks, and NGOs as conduits. In addition, mobile ATMs were used in Metro Manila to support the cash distribution.

For the year 2012, the Bank disbursed a total of ₱23.7 billion to 3.1 million household beneficiaries all over the country.

Government Collection Services

LANDBANK also serves as the collection arm of the Philippine Health Insurance Corporation, Social Security System, Home Development Mutual Fund, National Home Mortgage and Finance Corporation, Social Housing Finance Corporation, Philippine Economic Zone Authority, and the Quezon City Government. Total collections by the Bank from these government institutions reached ₱1.8 billion in 2012.

ENHANCING LANDBANK'S BRANCH BANKING OPERATIONS THROUGH QUALITY MANAGEMENT SYSTEMS

The third phase under the Bank's ISO-QMS Program covers the establishment and certification to ISO 9001:2008 quality management systems of the branch banking operations of all 77 branches under the NCR Branches Group (NCRBG).

In 2012, the ISO-QMS Road Map for Phase III was implemented through the quality management teams per cluster and branch. These teams were set up in order to effectively carry out QMS best practices and mandatory procedures. The following initiatives were launched at the NCRBG during QMS implementation:

- Establishment of quality objectives (customer satisfaction, ATM availability, account opening turn-around time, reduction of errors in transaction posting for regular passbook accounts by 50 percent) including regular monitoring of each objective;
- Customer satisfaction survey - was initially conducted by the Strategic Planning Group (SPG); after which, monthly self-administered surveys were done by the branches from July to December 2012;
- Performance evaluation survey of Head Office support units was initiated by SPG with Branch Unit Heads as respondent. This evaluation was conducted as a way of ensuring that critical services provided by the support units to branches are effectively managed. Issues and concerns that came out during the survey were addressed by the support units through action plans presented to the Management Committee; and,
- Establishment of quality workplace standards based on 5S principles, namely: sort, systematize, sweep, standardize, and self-discipline. In addition, a system for regular audit through the use of an audit form was established at NCRBG.

With the establishment of QMS in NCRBG's branch banking operations, customer satisfaction levels were increasing and overall operations flow was clearly defined. Through a more organized filing system, more spaces for storage were freed up and retrieval of documents became faster. A more efficient handling of communications and information was also realized at NCRBG. Updates on issues were consistently discussed during staff meetings.

With the successful implementation of QMS in Metro Manila branches, the Branch Banking Sector, in coordination with SPG's Quality Management Office, will replicate QMS best practices to all LANDBANK branches nationwide. Implementing a single management tool to enhance customer service delivery will ultimately benefit not only the clients but also the Bank's overall performance.

INFORMATION TECHNOLOGY SUPPORT AND BANK PROCESSES AUTOMATION

In 2012, various IT projects have been completed, with new other projects initiated as support to critical bank operations. These IT projects not only allowed for a faster transaction time, but likewise promoted efficiency in various levels of bank operations.

IT Projects Completed in 2012

- *In-house Developed IT Projects*

Interface of LBP ePayment System with DBM/PS-PhilGEPS

In support of the government's goal to increase efficiency, promote transparency, and reduce the cost of procurement processes, LANDBANK collaborated with the Department of Budget and Management's (DBM) Procurement Service (PS) for the DBM/PS-PhilGEPS ePayment facility.

The interface of the LBP ePayment System with DBM/PS-PhilGEPS allows payment of Agency Procurement Requests (APRs) through the internet-based ePayment System of the Bank which adopts an auto-debit arrangement (ADA). This ADA requires the client agency to have a LANDBANK account enrolled to complete the payment through online application in PhilGEPS Virtual Store website. The payment for the APRs is automatically debited from the client agency's account in a real-time manner and is consequently credited to DBM/PS account during batch processing at the end of the day.

The DBM/PS-PhilGEPS ePayment facility was made operational in February 2012.

Support System to the National Single Window (NSW)

In October 2012, the Bank signed an agreement with the Bureau of the Treasury and BancNet, Inc. to receive payments to, and transactions with the government and consolidate them through a new online service. This gave birth to the National Single Window (NSW), an internet-based platform that allows single submission of applications for licenses, permits and other documents required in government transactions.

The NSW enables the electronic payment of export-import clearances and trade-related services through the BancNet Internet Payment Gateway. It thus speeds up trade processes and makes it convenient for clients because they are spared from running to and from different agencies for their payments.

wePayAccess

In June 2012, the Bank implemented the wePay Access – a corporate internet banking facility that allows account information inquiry and bills payment. This facility is provided to the Bank's institutional clients with a minimum average daily balance of ₱20,000.

The LANDBANK wePayAccess takes strict measures to ensure that the Bank's security practices conform to the best banking standards, and that it adequately responds to clients' institutional needs. It has a Verisign-Secured Seal that assures website visitors of site authenticity and transaction security.

In 2012, other projects that are critical to bank operations were completed. These include the interfaces for the Financial Management System and Customer Information/ Central Liability System.

- *ATM and ATM-related Projects*

ATM Card Typing

The ATM Card Typing is an enhancement of the Bank's ATM system to support new card types and technologies being introduced to the system such as Radio Frequency Identification, Cash Cards, as well as future card products. Changes in the system include, among others, the generation of separate embossing file for each card type.

Since the completion of enhancement in May 2012, the Bank has been able to save on manhours and material costs due to errors in card production. Likewise, the clients benefit from reduced card processing time.

ATM Remote Reading

ATM Remote Reading is a system feature which allows remote transferring of copy of ATM terminal reading per cassette and Electronic Journal (EJ) from ATM to the LANDBANK Host or main server. This feature reduces the cost attributed to ATM terminal reading, EJ downloading, and facilitates timely and accurate reporting of the Bank's cash position, as well as optimizes the availability of ATM units through timely cashloading.

This ATM Remote Reading feature has been available since the last quarter of 2012.

Cash Card Batch Top-Up

The Cash Card Batch Top-Up is a mainframe-based system designed for economical and fast processing of large volumes of crediting transactions to the LANDBANK Cash Card accounts. This system was made available starting September 2012.

Real-Time Debit of Inter-Bank Inquiry Charges

Since its implementation in October 2012, the Real-Time Debit of Inter-Bank Inquiry Service Charges has enabled LANDBANK to collect service charges for balance inquiry transactions in a real-time manner.

- *Other IT Projects*

Automated Signature Verification System (ASVS)

The Automated Signature Verification System (ASVS) provides a solution for storing data and images in a database for the purpose of visual and automated signature verification.

The ASVS was conceptualized to be able to comply with the Bangko Sentral ng Pilipinas Circular 681 on the *"Revised Check Clearing and Settlement Processes"* requiring banks to return all checks with insufficient funds to the presenting bank through the Philippine Clearing House Corporation by 7:30 in the morning of the next banking day from the date of presentment of the check deposit.

The ASVS was up and running in November 2012.

Real and Other Properties Acquired (ROPA) Manager System Project

The ROPA Manager is an automated system that handles the movement of properties acquired by the Bank in settlement of loans and/or for reasons through foreclosure or other means. It captures and monitors the movement and maintenance of properties from the time a loan becomes past due until it becomes an acquired property of the bank.

The ROPA Manager supports the Bank's thrust to achieve a high level of operational efficiency and hasten the recovery of Bank's investments in loans. The System was turned over to LANDBANK in June 2012.

SYMBOLS Loan System Enhancements Phase 4

The SYMBOLS Loan System is an online system that handles processing and booking of loan transactions. It optimizes account monitoring from credit initiation to litigation, and consolidates loan information for profitability analysis and performance reporting.

For Phase 4, the Bank implemented priority enhancements to cater to the data requirements of the Philippine Financial Reporting Standards for loan accounts, and of other Bank units. These priority enhancements were implemented in December 2012.

Anti-Money Laundering System (AMLS)

The Anti-Money Laundering System (AMLS) is a system which enables the Bank to comply with the BSP requirement of automatically generating Covered Transaction Reports and Suspicious Transaction Reports. The CI/CLS interface with AMLS in January 2012 has enabled AMLS to generate alerts for party level scenarios.

AML-Data Entry System (AML-DES) and Standard Data Template

The AML-Data Entry System (AML-DES) is a web-based application system designed to capture financial transactions for uploading to the AMLS in compliance with the reporting requirements of the Anti-Money Laundering Council. The AML-DES was implemented in June 2012. Simultaneously, the AML-Standard Data Template was implemented to capture the covered transactions in most of the Bank's source.

IT Projects Started and Ongoing in 2012

LANDBANK continually embarks on developing new IT Projects that advance its business goals (pursuit of mandate, customer service and institutional viability). These new projects include a mobile banking application, conditional cash transfer program, and an asset-liability and risk management system.

Other ongoing IT projects aim to further improve the Bank's products and services by developing its lending operations, remittance systems, fund transfer services, resource management (e.g. fixed assets and human resources), and by simplifying deposits account opening and management.

IT Infrastructure Upgrades in 2012

In 2012, the Bank also embarked on additional acquisition and upgrade of hardware and software in support of the automation of the Bank's processes for a more efficient and effective delivery of its products and services to its customers.

The Data Warehouse Undertakings and Contributions

A data warehouse system is defined as a repository of integrated information from different data sources, internal or external, structured and optimized for analytical and informational processing or reporting.

LANDBANK's Data Warehouse (DW) Project had its early beginnings in 2002 when the Bank issued LBP Special Order No. 049 series of 2002 stating that: *"Pursuant to the Bank's Eight Point Agenda in terms of better Management Information Systems, a Central MIS Project Structure is hereby established and is mandated to pursue the Central MIS (Data Warehousing) project."*

As of end of 2012, there were about 230 reports generated by the DW on a regular basis, servicing at least 34 various units of the Bank. Moreover, about 450 analytical or special reports were generated for a hundred offices of the Bank.

Operational Highlights

Institutional Viability

Good corporate governance is a principle which LANDBANK fully embraces. This is evident on its systems, processes and structure, and is best manifested on how the public views the Bank. In an impromptu speech during the LANDBANK Annual Planning Conference for CY 2013 held in Tagaytay City in November 2012, the President of the Philippines, His Excellency Benigno S. Aquino III, gave an affirmation on how the Bank is doing:

> *" I just like to share just one point on the very, very hard work that you all have been doing. I hope to provide you with a better environment where all your efforts really amount to something.* ***You're bringing very clear sparkling water in a polluted landscape."***

His Excellency President Benigno S. Aquino III
November 2012

CORPORATE GOVERNANCE STRUCTURE

Board Composition

The Land Bank of the Philippines is wholly-owned by the Philippine National Government, and is governed by a Board of Directors with nine members. All nine members of the LANDBANK Board of Directors (LANDBANK BOD) are appointed by the President of the Philippines with none having a shareholding in the Bank.

The LANDBANK BOD is composed of five ex-officio and four private sector representatives. The ex-officio members are the incumbent Secretaries of the Department of Finance (DOF), Department of Agriculture (DA), Department of Agrarian Reform (DAR) and the Department of Labor and Employment (DOLE). Of the four private sector representatives, two represent the Agrarian Reform Beneficiaries (ARBs).

The LANDBANK BOD is chaired by the Secretary of Finance with the LANDBANK President and CEO as vice chairman. In 2012, the LANDBANK BOD was comprised of the following:

- Honorable Cesar V. Purisima
  Secretary, DOF and Chairman, LANDBANK BOD
  DOF Undersecretary Jeremias N. Paul, Jr. (alternate director)
- Gilda E. Pico
  LANDBANK President and CEO and Vice Chairperson, LANDBANK BOD
- Honorable Proceso J. Alcala
  Secretary, DA
  DA Undersecretary Antonio A. Fleta (alternate director)
- Honorable Virgilio R. de los Reyes
  Secretary, DAR
  DAR Undersecretary Anthony N. Paruñgao (alternate director)
- Honorable Rosalinda D. Baldoz
  Secretary, DOLE
  DOLE Undersecretary Danilo P. Cruz (alternate director)
- Director Domingo I. Diaz
  Representative, Private Sector

- Director Tomas T. de Leon, Jr.
  Representative, Private Sector
- Director Crispino T. Aguelo
  Representative, ARBs
- Director Victor Gerardo J. Bulatao
  Representative, ARBs

An independent director, as defined in the BSP's Manual of Regulations, should not be an officer nor a majority stockholder of the Bank, should not be related to any director or officer of the Bank, and must not be retained as a professional adviser, consultant or counsel of the Bank. The Bank's independent directors in 2012 were Victor Gerardo J. Bulatao and Tomas T. de Leon, Jr.

The Functions of the Board of Directors

The LANDBANK BOD establishes the overall policies and strategic directions for the Bank which guide the management and the operating units in LANDBANK's overall operation. The LANDBANK BOD provides the oversight and champions good corporate governance which require, among others, strong adherence to ethical standards and strict compliance with legal, institutional and regulatory requirements. The Board also ensures that the Bank remains accountable to its various stakeholders.

Board Performance and Attendance

LANDBANK continues to implement the Annual Performance Rating System for its Board of Directors and four Board-level committees, namely, the Audit Committee, the Risk Management Committee, the Trust Committee, and the Corporate Governance Committee. The self-rating performance assessment of the Board and the four Board-level committees is a corporate governance initiative which was started in 2009. The rating system, developed in coordination with the Institute for Corporate Directors, is aimed at the regular monitoring and gauging of the directors' performance against internationally-accepted principles of corporate governance and industry best practice. With the implementation of the Board rating system, the Bank's standards of corporate governance were raised and a higher level of compliance was achieved.

The self-rating instrument evaluates the effectiveness of the Board and four Board-level committees in the performance of their principal duties and responsibilities as an individual director as well as a collegial body. The development of the performance rating system for the Agri-Agra Social Concerns Committee is ongoing while the one for the Investment and Loan Committee will be undertaken in 2013.

The LANDBANK BOD held 24 regular meetings in 2012. Average attendance in 2012 was recorded at 82.41 percent. Perfect attendance was logged by LANDBANK President and CEO Gilda E. Pico and Directors Victor Gerardo J. Bulatao and Crispino T. Aguelo.

Board Committees

The LANDBANK BOD delegates specific functions and responsibilities to the six Board-level committees for an efficient discharge of its oversight functions. These Board-level committees effectively assist the LANDBANK BOD as a body in the exercise of its duties and responsibilities. These Board-level committees are the: Corporate Governance Committee, the Audit Committee, the Risk Management Committee, the Investment and Loan Committee, the Trust Committee and the Agri-Agra Social Concerns Committee.

Each Board-level committee has a charter which provides for their composition, authority, duties, and responsibilities. Remuneration of the Board members is in accordance with the GOCC Governance Act of 2011 (Republic Act 10149). The four non-ex-officio members receive a per diem of ₱40,000 for every Board session attended.

Moreover, the directors are entitled to honorarium for every meeting attended in the Board-level committees they belong to.

- *The Agri-Agra Social Concerns Committee*

The Agri-Agra Social Concerns Committee is the Board-level committee that is geared towards the strengthening of the CARP implementation. Specifically, the Agri-Agra Social Concerns Committee's coverage and functions include the following – (i) formulation of non-credit policies to improve the delivery of services on CARP and other agri-agra matters; (ii) as a clearing house for LANDBANK's CARP-related non-credit programs; and (iii) monitoring of the status of implementation of the Bank's various non-credit agri-agra and social concerns programs.

The Committee is chaired by Director Victor Gerardo J. Bulatao with the LANDBANK President and CEO Gilda E. Pico as vice chairperson. The members of the agri-agra social concerns committee are the Secretaries of Agriculture and Agrarian Reform, and Director Crispino T. Aguelo.

In 2012, the Agri-Agra Social Concerns Committee discussed, among others, the land acquisition and distribution processes for Hacienda Luisita, Inc. in compliance with the Supreme Court decision.

The Agri-Agra Social Concerns Committee held eight meetings in 2012. Average attendance for 2012 was recorded at 80 percent.

Of the five members, three were able to attend all eight meetings in 2012. They were the chairman, Director Bulatao, LANDBANK President and CEO Pico, and DAR Secretary de los Reyes.

- *The Audit Committee*

The Audit Committee provides assistance to the LANDBANK BOD in fulfilling its oversight responsibilities over the Bank's financial reporting policies, practices and control, internal and external audit functions, and compliance functions.

In April 2012, the Audit Committee amended its Charter to fortify its oversight functions. Under the amended Charter, the Audit Committee increased its membership – from three to five members, and defined its functional supervision over the Internal Audit Group (IAG) and Compliance Management Office (CMO). These amendments in the Audit Committee's Charter are all aimed at ensuring compliance with BSP Circular No. 749, series of 2012 (Guidelines in Strengthening Corporate Governance in BSP Supervised Financial Institutions, and the Code of Corporate Governance of the Securities and Exchange Commission), and conformance to the recommendations of the Punongbayan and Araullo during its first External Quality Assurance Review of the Bank's IAG.

In 2012, the Audit Committee accomplished 10 major initiatives including the Charter amendment.

In order to increase the number of Bank units passing the internal audit, heads of units which are rated 'exemplary' are invited to present their best practices for possible adoption by other Bank units. For 2012, the MDS and Collection Management Department, Boac Accounting Unit, Puerto Princesa Accounting Unit, Makati Business Center Branch and Makati City Hall Branch were rated 'exemplary' by the IAG.

The Audit Committee has five members, namely, DA Secretary Alcala and Directors Bulatao, de Leon, Aguelo and Diaz. The Committee's average attendance was recorded at 82.75 percent for its 17 meetings in 2012.

- *The Risk Management Committee*

Risk management oversight is done at various levels in the Bank. Overall risk management oversight lies with the LANDBANK BOD through the Board-level Risk Management Committee (RiskCom).

The RiskCom evaluates the risk management framework of the Bank and ensures that risk management policies and procedures are aligned with the risk appetite as well as strategies and objectives of the Bank.

Moreover, the RiskCom provides oversight on all matters pertinent to risk management including the development of risk strategies, policies, guidelines, procedures, and systems. The Committee ensures that the Bank's risk exposures are recognized and that appropriate risk-mitigating measures are adequately established.

The RiskCom also oversees the system of authority limits delegated by the LANDBANK BOD to management and, if breaches occur, immediately recommends corrective actions. It establishes the system for the reporting and disclosure of risk information to the LANDBANK BOD which approves various guidelines and procedures on risk measurement and validation, business continuity monitoring, liquidity risk approving authorities, risk appetite statement, and risk dictionary, among others.

For timely reporting (specifically those pertaining to market, liquidity and interest rate risks), risk reporting to the RiskCom is done twice monthly.

The RiskCom is composed of five directors with Director de Leon and DOF Secretary Purisima serving as chairman and vice chairman, respectively. The rest of the Committee members are Directors Diaz, Aguelo and DA Secretary Alcala.

The RiskCom held 17 meetings in 2012 with an attendance rate of 76 percent.

- *The Corporate Governance Committee*

One of the functions of the Corporate Governance Committee (CG Com) is to ensure the Board's effectiveness and due observance of corporate governance principles and guidelines. Its thrust is to ensure that the LANDBANK BOD and management continuously adhere to the spirit of good corporate governance.

The CG Com is in charge of the official submittal of the results of the annual performance rating of the LANDBANK BOD and the individual members of the Board to the BSP, the Securities and Exchange Commission, the Presidential Management Staff, and the GOCCs Commission on Governance (GCG).

The five-member CG Com is composed of the two independent directors – Directors de Leon and Bulatao, LANDBANK President and CEO Pico, DOF Secretary Purisima and DOLE Secretary Baldoz. Director de Leon is the CG Com chairman, while Director Bulatao is the vice chairman.

For the year 2012, the CG Com conducted eight meetings with an average attendance rate of 80 percent.

- *The Trust Committee*

The Trust Committee exercises functional oversight and supervision of the Trust Banking Group and is responsible for formulating the group's strategic direction towards the goal of optimizing its trust and fiduciary business.

Among the major functions of the Committee are: (i) the acceptance and closing of trust and other fiduciary accounts; (ii) the initial review of assets placed under the trustee's or fiduciary's custody; (iii) the investment, reinvestment and disposition of funds or property; (iv) the review and approval of transactions between trust and/or fiduciary accounts; and (v) the review of trust and other fiduciary accounts at least once a year to determine the advisability of retaining or disposing of the trust or fiduciary assets, and/or whether the account is being managed in accordance with the instrument creating the trust or other fiduciary relationship.

In the latter part of 2012, the BSP issued Circular No. 766 which set forth the Guidelines in Strengthening Corporate Governance and Risk Management Practices on Trust, Other Fiduciary Business and Investment Management Activities. To this end, the Trust Committee ably and promptly complied by approving the revised Trust Risk Management Manual to embody the said BSP circular.

In the course of the year, the composition of the Trust Committee underwent some changes. Firstly, a new Trust Officer and Head of the Trust Banking Group was appointed – FVP Josephine G. Cervero replacing Atty. Felix L. Manlangit in July 2012. Secondly, the Committee was reconstituted with the replacement of two of its members.

At the close of 2012, the LANDBANK Trust Committee was composed of DOLE Secretary Baldoz (chairperson); DOF Secretary Purisima (vice chairman); LANDBANK President and CEO Pico; DAR Secretary De Los Reyes; and the Head of the Trust Banking Group.

For 2012, the Trust Committee convened eight times with an average attendance rate of 71 percent. Director De Leon, DAR Undersecretary Paruñgao, Atty. Manlangit and FVP Cervero registered perfect attendance.

- *The Investment and Loan Committee*

In December 2012, the Investment and Loan Executive Committee (ILEC) was reconstituted into the Board-level Investment and Loan Committee (ILC).

The ILC is chaired by LANDBANK President and CEO Pico with Director Diaz as the vice chairman. Completing the ILC roster are Directors Aguelo, Bulatao and de Leon.

Among the functions of the ILC is to evaluate, approve or recommend to the LANDBANK BOD for consideration and approval the loans and investments proposals in accordance with LANDBANK's Codified Approving/Signing Authority (CASA) and Investment Policy Guidelines and Strategy. The ILC also reviews and recommends to the Board credit and investment policies and guidelines that will govern the credit and investments portfolio. Moreover, the ILC reviews and monitors the performance of loans and investment portfolio of the Bank.

Units under the Board

- *Internal Audit Group (IAG)*

As one of the cornerstones of effective governance, IAG provides an independent and objective evaluation of management controls and operations performance and the determination of the degree of compliance with laws, regulations, managerial policies, accountability measures, ethical standards and contractual obligations. IAG appraises the plan of organization and all methods and measures in order to recommend courses of action on matters relating to operations and management controls. Moreover, in compliance with international standards, internal auditors also add value to the Bank's operations by evaluating the risk management and governance processes.

The bulk of IAG work are on the provision of assurance services with an objective to render an overall assessment on how the internal controls and measures of the Bank are implemented by the Bank units. The following is the Summary of Assurance Services, including the special audits, completed by IAG in 2012:

KRA	Actual	Target	% Accomplishment
Auditable Units			
Regular Audit	251	274	92%
Special Audit	31	--	--
Sub-total	**282**	**274**	**103%**
IT Systems Audit			
Applications Audit	11	9	122%
Post Implementation Review/ Desk Audit	3	3	100%
Sub-total	**14**	**12**	**117%**
TOTAL	**296**	**286**	**104%**

In 2012, IAG successfully passed the first External Quality Assurance Review conducted by the Punongbayan and Araullo with an overall rating of "Generally Conforms" or 96 percent, which is above its international and local counterparts. This affirms IAG's competent conduct of its role in good governance in accordance with the International Standards for the Professional Practices of Internal Auditing.

The foregoing 2012 accomplishments are the products of the concerted efforts of 116 personnel, 19 of whom have professional certifications as follows:

- Certified Internal Auditor (7);
- Certified Information System Auditor (4);
- Certified Information Security Manager (1);
- Certified Internal Controls Auditor (3);
- Accredited Quality Assessor of the Internal Audit Activity (3); and,
- International Register of Certified Auditors Environmental Management Systems Auditor/ Lead Auditor ISO 14001:2004 (1).

- *The Compliance Management Office (CMO)*

Another Bank unit that is directly supervised by the Audit Committee is the Compliance Management Office (CMO). Presently headed by a Vice President, the CMO oversees the overall implementation and coordination of the Bank's compliance system. It maintains the Bank's Compliance Program which policy statement says that compliance and ethics shall be the norm underlying the performance of all functions.

The CMO is in charge of ensuring LANDBANK's compliance with all relevant laws and regulations, including the Anti-Money Laundering Act (AMLA) of 2001 or R.A. 9160, as amended. It directly reports to the Board-level Audit Committee as an independent office.

In 2012, the CMO engaged in various activities aligned with its primary role to effectively manage compliance and reputation risks. The year was marked with the issuance of 175 regulations which were disseminated to all concerned business units. It continuously monitored Bank-wide reporting activities to various regulatory and oversight bodies such as the Bangko Sentral ng Pilipinas, Commission on Audit, and the Philippine Deposit Insurance Corporation. Moreover, it monitored the Bank's compliance with reportorial requirements of the Securities and Exchange Commission relative to LANDBANK's underwriting license and Government Securities Eligible Dealer responsibilities. The CMO also adopted a monitoring process to manage the Bank's reputation risks arising from consumer concerns.

Compliance testing was continuously conducted by the CMO on regulatory issuances applying the Compliance Risk Assessment Matrix and Compliance Requirement Memorandum as tools. This was also enhanced by the development of the AML Compliance Testing (ACT) framework and program, which include the newly crafted ACT Sampling Methodology.

Other initiatives pertinent to ensuring the Bank's compliance with the AMLA include the conduct of AML Risk Rating Self-Assessment, posting of updated AML Questionnaire in the LANDBANK website, and responses to various AML due diligence requests by correspondent banks.

- *The Risk Management Group (RMG)*

The unit responsible for the institutionalization of risk culture across the organization, and oversight on risk management policies is the Risk Management Group (RMG). The RMG is comprised of three units, namely, the Business Risk Management Department (BRMD), the Credit Policy and Risk Management Department (CPRMD), and the Treasury Risk Management Department (TRMD). The RMG is functionally supervised by the Risk Management Committee.

The functions of these three departments are focus-specific on different risk areas. CPRMD handles the formulation and review of credit policies and their implications on LANDBANK's lending activities as well as the review of credit ratings. It also facilitates the development of the Bank's risk models for credit risk identification, measurement and monitoring.

TRMD focuses on the management of risk measurement and analysis of the Bank's liquidity, market, interest rate and other treasury-related risks. It also informs management of the Bank's liquidity position and significant movements in foreign exchange and interest rates that will have impact on the Bank's operations.

BRMD undertakes the management of the Bank's business operations, system, legal, technology, and all other risks not falling under TRMD's and CPRMD's purview. The BRMD also ensures the continuity of business with the effective implementation of LANDBANK's Business Continuity Plan and IT Business Plan. Moreover, facilitation of programs for developing the Bank's risk culture and deepening risk awareness among LANDBANK personnel is undertaken by BRMD.

- *Trust Banking Group (TBG)*

The Trust Banking Group (TBG) is directly supervised by the Trust Committee in the administration of all trust and other fiduciary and investment management accounts of LANDBANK.

LANDBANK's TBG is composed of three departments, namely, the Trust Marketing Department, the Trust Portfolio Marketing Department, and the Trust Operations Department.

The Trust Marketing Department is in charge of the development, review and marketing of the trust products and services as well as the provision of legal and financial advice on trust transactions. The Trust Portfolio Marketing Department, on the other hand, handles the trading and asset management of trust and investment management accounts in addition to the evaluation of equities and fixed income securities for investment and divestment decisions. The third unit under TBG, the Trust Operations Department, is in charge of the following tasks – (i) maintenance of the accounting and management information system for all trust and fiduciary accounts; (ii) cashiering; and (iii) safekeeping of vital documents including securities.

Continuing Education for the Board

As part of the Bank's corporate governance initiatives and the directors' continuing education, the Organization Development Department facilitated the attendance of the board members in several in-house briefings. In 2012, various briefings were conducted for the members of the Board to acquaint them on the different operations of the Bank. These briefings focused on branch banking, agrarian operations, investment banking, asset and liability management, overview of lending operations, chart of accounts, and human resource management.

Also in 2012, Board members attended the Advance Risk Management for Financial Institutions and the Professional Directors Program. These are in addition to the Update on the Anti-Money Laundering Act, the Global Banking Perspectives 2012 Conference, and the Asian Marketing Conference – Unleash the Asian Marketing Masters.

STRENGTHENING THE BANK'S ORGANIZATION

To keep abreast with the constant and increasing pace of change in the banking industry, LANDBANK implemented an organization-wide realignment effective July 1, 2012. This is the first major shift in structure undertaken since 2001. With the new structure, the Bank aims to achieve a sustained expansion of loans to the priority sectors; attain higher financial inclusion through credit outreach and availability of deposit and branch services in areas without banks; align organizational units according to business lines to improve operational efficiencies and comply with Basel Accord requirements; and implement more efficient, standardized and streamlined operations.

Under the new set-up, the Bank has been reconfigured to five sectors, namely:

- *Agricultural and Development Lending Sector (ADLS)* which manages the overall loan portfolio of the Bank and handles the credit support to the priority sectors;
- *Branch Banking Sector (BBS)* which supervises branch banking operations, e-banking products, remittance services, and ATM services;
- *Corporate Services Sector (CSS)* which handles overall supervision over human resource, facilities, procurement services, provident fund management, and the Bank's media and external relations programs;
- *Operations Sector (OS)* which provides Bankwide operational support including accounting services, controllership, asset appraisal, and information technology; and
- *Treasury and Investment Banking Sector (TIBS)* which supervises treasury operations, financial resource management, investment banking, and fund sourcing.

A number of groups and units report directly to the LANDBANK Board or to the President and CEO, including internal audit, compliance, risk management, trust banking, corporate secretary, legal services, strategic planning, physical security, and agrarian services.

A change management implementation plan was crafted during the year to ensure smooth transition to the new structure. Appropriate interventions were carried out to manage effectively attendant changes that had an impact on the concerned members of the organization such as personnel movements, shifts in roles and responsibilities, adjustment to new working environments, among others. The realignment also included a change management communication plan to promote across the organization and to the Bank's other publics the objectives of the change initiative and the corresponding interventions.

SUSTAINING RISK MANAGEMENT BEST PRACTICES AND REINFORCING RISK MEASUREMENT TOOLS, PROCESSES AND CONTROLS

As with all financial institutions, risk is a component of LANDBANK's day-to-day operations. To address the risk and ensure institutional viability, LANDBANK institutes risk management measures that are at par with industry best practices.

The past years saw the Bank laying the foundations for the advanced approaches. In 2012, LANDBANK focused on risk management initiatives that were geared towards strengthening the groundwork to facilitate the transition to the advanced approaches. Specifically, LANDBANK implemented industry best practices like the Enterprise Risk Management (ERM) and the automated credit risk rating as manifested through process and model enhancements.

This is complemented by equally important initiatives that involved the polishing of risk control and monitoring measures, and the development, documentation, and implementation of risk strategies, policies, and procedures aimed at addressing the eight major risk categories initially identified by the Bangko Sentral ng Pilipinas (BSP). All these initiatives were successfully put in place to strengthen primarily the establishment of an effective risk management system across the organization as well as ensure that Bank practices were well within regulatory requirements and standards set by Basel II and the BSP.

<u>Risk Management Structure</u>

Over the years, LANDBANK has successfully elicited greater involvement and proactive participation of the LANDBANK BOD and the senior management in the implementation of various risk management initiatives. This further demonstrates the Bank's strong adherence to the global standards and principles of good governance.

- *RM Oversight*

RM oversight is done at various levels in the Bank. The LANDBANK Board of Directors has the highest risk oversight function and ensures the Bank's prudent management of various risk exposures and the integration of risk management standards and policies in its operations. The Board-level Risk Management Committee (RiskCom) takes on the specific oversight functions and responsibilities of the LANDBANK BOD, mainly in evaluating the risk management framework and ensuring that risk management policies and procedures are aligned with the risk appetite, strategies and objectives of the Bank.

The senior management level risk management, on the other hand, defines the risk priorities and aligns business and risk strategies and policies. It drives the formulation and monitoring of controls and ascertains that policies and procedures are adequate to mitigate risks.

The operating and support units of the Bank implement the risk management strategies, policies and procedures and they manage and report their respective risks.

Reinforcing Risk Management Systems, Tools, Policies and Procedures

- *Enterprise Risk Management (ERM) – Phase 2*

Among the various RM initiatives undertaken by the Bank, the Enterprise Risk Management (ERM) system demonstrates LANDBANK's commitment to embed risk management throughout the institution. The ERM system regards risk from a Bank-wide perspective, and thus involves the Board, senior management and all business units in identifying, analyzing, measuring, controlling and monitoring risks. From the time of ERM installation in 2008, the ERM has been successful in deepening risk culture at LANDBANK.

In 2012, the second phase of ERM was implemented where the next seven critical risks that would be subjected to the ERM sub-processes were identified. The risk re-identification was done in cognizance of the changing business environment particularly, changes in the economic and regulatory front. ERM Phase 2 is expected to generate appropriate strategies to address and prepare the Bank for emerging threats that could bear impact on its top and bottom lines. It will likewise revisit and modify the risk appetite statement of LANDBANK in the context of the identified emerging risks.

In order to intensify the culture of risk within the organization, the Bank launched a multi-media information and education campaign (IEC) on risk management in 2012. The ERM as a module has been integrated in the LANDBANK in Perspective seminar conducted for all employees. A total of 23 training sessions introduced ERM to more than 600 participants.

Also in 2012, the RM Bulletin, which chronicled milestones and shared risk management concepts and practices among Landbankers was revived with two issues published. In addition, an ERM Handbook was produced and distributed to every unit of the Bank. The handbook documented the whole ERM process and corresponding results in order to enable the employees to view the Bank's risks using a common standpoint. Both the RM Bulletin and the ERM Handbook were collaborations between RMG and the Corporate Affairs Department.

CRES Project Kick-off held at Alabang Country Club

- *Automated Credit Risk Rating Models (CRS)*

To be at par with global standards and industry best practices, the Credit Risk Engine System (CRES) was initiated in 2008. It was designed to automate the credit rating system of the Bank for various clients. Client ratings are used as bases for determining credit worthiness while the CRES itself determines the probability of default using a range of variables. CRES prepares the Bank for the eventual calculation of the Loss Given Default and the Exposure at Default, the advanced approaches prescribed by Basel II standards.

In 2012, LANDBANK approved the automated credit rating system (CRS) model for Local Government Units (LGUs) for implementation in CY 2013. In addition, the automated CRS model for Rural, Thrift and Cooperative Banks, as well as the corporate accounts have been developed and await approval for implementation in 2013.

Phase 2 of the CRES Project commenced on July 30, 2012. This project aims to build data infrastructure that will enable the Bank to automate the calculation of Credit Risk Weighted Assets under the Foundation Internal Ratings Based Approach, initially for the LGU portfolio. The Bank hopes to maximize its lending capacity by using the FIRB Approach for all the different loan portfolios of the Bank.

- *Other Risk Management Enhancements*

The year saw the development and updating of a number of policies and procedures that were initiated either to improve existing risk management practices or to implement regulatory rules and recommendations. These included policies on the Single Borrower's Limit, LGU Borrowings and Real Estate Exposures, among others.

In enhancing the Bank's market, liquidity and interest rate risk management, guidelines were developed and enhanced in order to reflect adjustments resulting from independent model validation, as well as, changes in regulatory directions. Among these were the guidelines for Solid Core Deposit Calculation, Pre-Settlement Risk for Treasury-Related Transactions and the Value-at-Risk Calculation for Currency Forward. Further, the Bank adopts two models in measuring interest rate risk: Re-pricing Gap/Earnings-at-Risk (Ear) Model that is used and prepared every month to estimate changes in Net Income (NII) under varied rate scenarios over a 12 month horizon; and Economic Value of Equity (EVE) Model that is used and prepared every quarter to assess the potential long-term effects of changes in interest rates.

Operational risk management, on the other hand, was ascertained with the Bank-wide roll-out and adoption of the automated Risk and Control Self-Assessment (RCSA) and the Business Impact Analysis (BIA). Other policies intended to strengthen risk monitoring of information security, technology and business continuity concerns were also updated.

Internal risk quantification models were subjected to third party validation to test accuracy and reasonableness. The validation covered models like the Value-at-Risk, Earnings-at-Risk and pricing models. While these were found to be sound, propositions to better measure market, interest rate and liquidity risks were made and incorporated in current control mechanisms.

The year also saw the completion of the Bank's comprehensive five-volume Risk Management Manual. Aside from the usual Credit, Treasury and Business Risk Management manuals, a new volume was prepared to document strategic risk management practices, as well as formalize the Bank's overall risk management policy, including ERM. It also included other elements (such as the RM Framework and Charters) which were not captured by the three aforementioned manuals. The fifth volume is a compendium of BSP circulars and internal policies that served as the bases for the risk management policies.

- *Business Continuity Management (BCM)*

The Bank adopts the Business Continuity Management (BCM) system to effectively manage its operational risks. The Bank recognizes that natural and man-made calamities are inevitable but its effects could be minimized if appropriate response mechanisms are established. The BCM of the Bank is a "Business Survival Plan" that adheres to the principle of investing in a robust, tested and bank-wide Business Continuity Plan (BCP) in order to cope with disruptions and ascertain the continuous delivery of services to clients.

For 2012, BCM focused, among others, on the adoption of table top test and call tree test to assess preparedness level of Bank personnel, the conduct of IT, fire and earthquake drills to improve response mechanisms and the completion of the BIA validation.

Oversight of LANDBANK Subsidiaries

As part of its commitment to uphold Bank-wide good governance, LANDBANK expanded its risk management oversight to include the Bank's five wholly-owned subsidiaries, namely: LBP Leasing Corporation, LBP Resources and Development Corporation, LBP Insurance Brokerage, Inc., Masaganang Sakahan, Inc. and the LANDBANK Countryside Development Foundation, Inc. These subsidiaries were created to support the business activities of the Bank and to act as partners in the pursuit of its business goals.

The Bank adopts a uniform and consistent approach in risk management to ensure that all Authorized Risk Takers (ARTs), including subsidiaries, are in sync towards a unified direction in managing risks. In 2012, LANDBANK's oversight of its subsidiaries covered the implementation of various risk management tools that included the Risk Management Manual, RCSA, the BCP, and the BIA, among others. Early in the year, the Bank involved the directors, senior officers and staff of the subsidiaries in briefings on ERM.

RM Culture Inculcation

Inculcating RM culture is a foremost concern of the Bank. In 2012, the 2nd RiskCom Retreat was held with the theme "Strengthening Corporate Governance through Risk Management". Experts from both local and international community were invited to discuss topics on credit scoring, capital allocation, ALM strategies, Legal Risk Framework, Business Impact Analysis, Rating Models, Key Concepts on Basel III, Basel Requirements for Interest Rate and liquidity, among others.

A briefing on the Bank's credit process was also facilitated by the Organization Development Department. The activity was aimed at familiarizing the members of the LANDBANK BOD with the loan origination and management of LANDBANK.

SGV & Co. conducted an executive session with the Management Committee, the RiskCom, and the Audit Committee on August 15, 2012 that walked through on the key features of the new capital standards under Basel III and its implications to banks as well as BSP's implementation plan.

In September 2012, the senior management and officers from RMG attended an in-house training on Advanced Risk Management. This was sponsored by TraPezoid (JFPS Group), Training and Professional Development Division based in Malaysia. Dr. Wanatanee Surapaitoolkorn, Managing Director at the Sasin Graduate Institute of Business in Vietnam conducted the two-day seminar and shared her expertise on mathematical models used in measuring credit, market and operational risks.

Internal Capital Adequacy Assessment Process (ICAAP) Highlights

The Bank's year-end Capital Adequacy Ratio of 20.24 percent is a reflection of the synergy created by the confluence of capital planning and risk assessment in developing the ICAAP. The LANDBANK BOD and the senior management actively focused on the oversight of ICAAP implementation and allowed reasonable latitude for risk-taking activities ensuring that these fell within the confines of the Bank's risk appetite and capital threshold.

In 2012 the Bank's ICAAP model was fine-tuned to fully integrate capital planning and risk assessment into the Bank's overall culture whereby ICAAP was embraced beyond compliance. Other enhancements included aligning of the risk appetite to materiality, performing stress testing on a holistic approach, establishing monitoring system of estimated loss versus actual loss per risk type and setting capital planning standards to ensure that target risk-taking activities are fully covered by a strong capital base. These changes were reflected in the ICAAP document which was submitted to the BSP in January 2013.

FORTIFYING RISK-BASED COMPLIANCE MANAGEMENT

LANDBANK's strong adherence to the basic tenets of good governance was reinforced in 2012 with the continuing pursuit of initiatives aimed at enhancing the Bank's risk-based compliance program.

The Bank has established the LANDBANK Compliance Program to effectively manage its various compliance risks. The Compliance Program of the Bank is embodied in a Board-approved manual that documents the process-level activities under the compliance function. It serves as a guide to all business units in identifying, assessing, and prioritizing their compliance requirements including the performance and reporting of compliance monitoring.

In 2012, the annual review and update of the compliance manual was undertaken to incorporate new regulatory issuances and laws, assess compliance risks measurements, and provide a basis for the prioritization of compliance risks.

As compliance with laws and regulations forms an integral part of daily banking operations, the Bank's compliance framework was designed to ensure compliance across sectors in the organization, from the LANDBANK BOD down to the different business units. To ensure that the established compliance framework is properly executed, the Bank designated Compliance Coordinators from the business units to actively take part in the compliance system and provide assistance and collaborative responsibilities with the Compliance Management Office (CMO). The CMO exercises functional supervision over the compliance coordinators. It also takes a proactive stance in establishing compliance awareness in the Bank through the conduct of 11 separate Compliance Awareness sessions on the general principles and responsibilities of the compliance function for various officers and employees during the year.

2nd Risk Management Committee Retreat, Summit Ridge Hotel, Tagaytay City, April 20-21, 2013

Dr. Wanatanee Surapaitoolkorn
Managing Director,
Sasin Graduate Institute of Business

2012 Annual ICAAP Document

Anti-Money Laundering (AML) and Terrorist Prevention

LANDBANK continuously pursues stronger compliance with Anti-Money Laundering (AML) laws and regulations. The Bank is implementing an electronic anti-money laundering transaction monitoring system to efficiently detect and monitor covered transactions (CTRs), and suspicious transactions (STRs) in compliance with the Anti-Money Laundering Act of 2001 (R.A. 9160, as revised by R.A. 9194), and BSP Circular 706, series of 2011.

These CTRs and STRs are being monitored and evaluated regularly by the LANDBANK AML Unit based at the CMO to ensure proper reporting to the AML Council (AMLC).

To ensure timely compliance with the AML regulations, the LANDBANK AML Committee was established to review the Bank's AMLA policies and procedures, and oversee the processes of the electronic Anti-Money Laundering System. The AML Committee is chaired by the President and CEO.

During the year, the Bank's Money Laundering and Terrorist Financing Prevention Program (MLPP) manual was revisited and updated. In compliance with BSP Circular 706, the MLPP was developed in 2011 to strengthen the Bank's policies and processes for detecting and monitoring anti-money laundering funds diverted to terrorism or similar activities.

To effectively implement procedures against anti-money laundering, the CMO Operations Manual was calibrated to align with the MLPP manual in 2012. The Bank's designated AML Compliance Officer continuously oversees the effective implementation of the MLPP to ensure compliance by the business units.

The Bank conducts an annual AML training program aimed at providing continuous AML education to the LANDBANK BOD, senior management, officers and employees. During the year, a total of 8,054 employees participated in AML refresher course sessions. Likewise, the CMO conducted retooling sessions to 78 field AML trainers who will assist CMO in this training endeavor. The Bank also provided briefings to 1,510 participants from non-covered institutions that are availing of the LANDBANK ATM Payroll Facility to comply with the AMLC requirements for outsourcing from counterparties.

Operational Highlights

REINFORCING THE FOUNDATIONS IN HUMAN RESOURCES

LANDBANK is strongly driven to be strategic in its talent management programs and systems. Through the years, the Bank has been enhancing the processes of talent acquisition, employee training and development, compensation management, performance and rewards management, succession planning, among others, in order to attract, hire and retain the most qualified and valuable people to serve as partners in fulfilling its vision and mission.

Recognizing the important contribution of the human resources to achieve institutional goals, LANDBANK upholds a culture of all-inclusive and dynamic career growth as well as balanced work-life for its employees. This was demonstrated through the range of programs implemented in 2012 that were aimed at realizing employees' potential, and attaining their health and wellness.

Learning and Development

Following the Bank's Management and Leadership Development Framework, distinct major programs were conducted to equip and prepare talents for future and higher responsibilities or enhance their current capabilities.

Under the Executive Development Program (EDP), senior officers attended the 35th Pacific Rim Bankers' Program in Washington and California, USA.

The first half of 2012 saw the graduation of the second batch of the Leadership Development Program (LDP), composed of 33 officers occupying group and department head positions. Also during the same period, the third batch of the LDP, participated in by 31 officers, commenced. The program was designed to strengthen the leadership and management skills of officers who hold key positions in the organization.

Aligned with the Bank's priority to sustain its roster of competent leaders, the first batch of the Officers Development Program (ODP) was held during the year with 25 participants (14 internal and 11 external). Successful graduates would occupy junior officer positions. The second batch of the ODP commenced in January 2013.

To develop employees with high potential to assume supervisory positions, the Bank conducted the Management Training Program (MTP). The first batch, concluded in May 2012, yielded 32 graduates (15 internal and 17 external). The second MTP batch commenced in July 2012 with 33 participants (11 internal and 22 external) and ended in February 2013.

The continuing conduct of professional image seminars was made to promote professionalism within the Bank. Flagship programs were the seminars on Adding Your Charisma Quotient and Image Review (ACQuIRe) for supervisors and officers, and Professional Image Enhancement (PrImE) for front-line staff. Since the programs' launching in 2011, 47 batches of PrImE have been conducted with 1,607 participants while 13 ACQuIRe sessions were attended by a total of 386 participants.

Believing that learning is and must be a continuing endeavor, the Bank forged in 2012 a partnership with the College of the Holy Spirit-Manila and the Concordia International College of Canada-Philippines for an in-house Masters in Business Administration program. The program strives for employees to become globally-competitive managers through the enrichment of their knowledge and skills in business. There are 37 candidates for graduation in 2013 and 49 students currently undergoing the program in 3 key locations in the country.

Compensation and Rewards System

LANDBANK maintains a total compensation and rewards system that is internally equitable, externally competitive and which rewards good performance. This ensures that the Bank is able to attract and engage quality talents. As of December 2012, LANDBANK has a total complement of 7,073, with an average of 15 years in service.

Under its amended Charter (R.A. 3844, as amended by R.A. 7907), LANDBANK is exempt from the Salary Standardization Law which provides for uniform compensation packages for employees in the government. But increases in salaries were subject to the approval of the President of the Philippines. To achieve external competitiveness, a periodic compensation study is conducted vis-à-vis LANDBANK comparator banks or benchmarks in the commercial banking industry. Towers-Watson has been a partner of the Bank in undertaking the study. A review of the Bank's compensation plan was made with the assistance of Towers-Watson in 2008.

The Bank retains its consistency to adopt a pay-for-performance policy. A Merit Increase Program (MIP) is implemented every performance year in line with LANDBANK's objective of providing rewards for its people in recognition of their individual accomplishments and contributions to organizational productivity and profitability, and building loyalty to the institution. The program has two components, namely: (a) Individual Performance Incentive (IPI) for the top 45 percent performers, and (b) Institutional Performance Reward (IPR) for all qualified employees. For 2012, it granted performance reward in two tranches, to the top 45 percent of its employees whose performance ratings were forced-ranked bank-wide under LANDBANK's Individual Performance Incentive scheme. At the organizational level, an IPR was also extended to all employees to recognize their contribution to the achievement of the Bank's core performance targets which are annual net income and provision of at least 75 percent of total loans to the priority sectors.

Overall, the Bank's total benefits and incentive package remains to be competitive with its benchmarks. The package ranges from various leave credits to cash and non-cash incentives, from guaranteed to variable benefits, and all statutory requirements.

LANDBANK Provident Fund

LANDBANK has a Provident Fund which serves as a vehicle for additional earnings, provides ready loan facilities, and a source of financial security for personnel. The LANDBANK Provident Fund is a common fund consisting of contributions made by the Bank and its officers and employees (30 percent Bank contribution and 10 percent employees share) for the payment of benefits to the latter.

The Provident Fund offers various loan facilities to the members such as housing loan, medical loan, all-purpose loan, special financing program and motor vehicle loan.

Considering that a home is the most significant investment for Bank personnel, the Provident Fund provides a housing loan with a maximum package of ₱3.0 million, payable in 25 years at an affordable interest rate of four percent per annum.

Health and Work-Life Balance

Anchored on a holistic health framework, the annual conduct of the Employee Wellness Program aims to instill the value of personal commitment to health and to empower employees in the active pursuit of their well-being. Activities under the program for 2012 included competitive team events, learning sessions, skill-building workshops focusing on entrepreneurship projects, and employee clubs initiating activities on various interests. Spiritual wellness in the workplace was also given utmost importance through regular holding of spiritual services, learning sessions, visitation of the sick and spiritual counseling. A prayer room is provided for employees seeking a venue for worship.

LANDBANK is also committed in assisting its parent-employees. The LANDBANK Day Care Center was awarded an exemplary rating by the Department of Social Welfare and Development. Working mothers are encouraged to continue breastfeeding even while they continue to work. A Lactation Station accredited by the Department of Health (DOH) has been made operational within the worksite. Such an initiative has earned for the Bank recognition as a "Mother-Baby Friendly Workplace" and the first distinction of being the first workplace to be given an accreditation by the DOH-National Capital Region in August 2012.

Promoting Social Responsibility

In 2012, volunteerism was kept alive among employees who continue to share their blessings with those in need through their donations. In the spirit of giving, 3,533 LANDBANK employees donated an equivalent of as much as eight hours' worth of their salaries to the less fortunate.

Total donations amounted to ₱1.80 million. The Bank also continued the Tulong Aral High School Scholarship Program with 97 scholars graduating from high school, and the Gawad Pag-aaral Tungo sa Maunlad na Buhay (Gawad PATNUBAY) Scholarship Program. Bloodletting activities dubbed as Alay Dugo ng LANDBANK yielded a total blood donation of 199,800 ml. in 2012, with 40 donors being recognized as Blood Galloner awardees by the Philippine Red Cross for their contribution to the cause.

LANDBANK provided support to its employees who were affected by the calamities that struck the country in 2012. Through the Relief and Disaster Assistance Committee, the Bank extended financial assistance to the employee-victims totaling to ₱17.96 million.

Commitment to Service and Transparency

In line with the government's push to reduce the bureaucratic red tape in public sector agencies and institutions, LANDBANK established its Citizen's Charter for lending operations and branch banking services. The Bank also adopted the Contact Center ng Bayan (CCB) 1-6565 and the Public Assistance and Complaint Desks (PACDs) in 2012. Conceived as the government's main helpdesk, the CCB's and PACDs' primary objective is to provide an avenue for the public to air out concerns relative to the quality of frontline service delivery and other Anti-Red Tape Act violations, as well as gain access to information about agency policies and procedures.

Upholding Integrity in the Workplace

Various guidelines were issued in 2012 to uphold integrity in the workplace. These included the Guidelines on the Implementation of the Ethics Hotline, revised Guidelines Prohibiting Solicitation and Acceptance of Gifts and Donations, and the amended Guidelines on Security Measures for the LANDBANK Plaza.

FINANCIAL HIGHLIGHTS

Net Income

The Bank remains to be one of the most profitable banks in the country recording a ₱10.97 billion consolidated net income in 2012. This is ₱1.9 billion or 21 percent higher than the ₱9.06 billion net income in 2011.

In 2012, gross revenues reached ₱38.1 billion, ₱3.6 billion or 10 percent higher than the ₱34.5 billion gross revenues in 2011. Net interest income is relatively flat at ₱19.8 billion given the prevailing low interest rate regime and the declining interest margin. However, non-interest income increased significantly by ₱4.6 billion to ₱10.8 billion due to higher income from investments and foreign exchange profit. Personal services has a minimal increase of ₱119 million or 2 percent to ₱6.5 billion and financial expenses even declined by ₱787 million or 8 percent to ₱8.8 billion. Operating expenses however, increased by ₱2.3 billion or 25 percent to ₱11.8 billion.

Statement of Condition

The Bank ended 2012 as the fourth largest bank in four major balance sheet accounts – assets, loans, deposits and capital.

Total assets expanded to ₱691.5 billion, ₱45.7 billion or 7 percent higher than the ₱645.8 billion assets in 2011. Regular loans likewise increased by 8 percent or ₱20.4 billion to ₱ 270.0 billion from ₱249.6 billion in 2011. Investments grew by ₱40.1 billion or 20 percent to ₱236.1 billion on account of government securities classified as available for sale securities. The Bank's lending and investing activities were funded by deposits that reached ₱543.7 billion, ₱36.4 billion or 7 percent

Operational Highlights

higher than the ₱507.3 billion outstanding deposit balance in 2011. Government deposits amounted to ₱383.8 billion, which account for about 71 percent of total deposits.

Capital and Capital Ratios

The Bank has ₱25.0 billion authorized capital composed of ₱20.0 billion common stocks and ₱5.0 billion preferred stocks. The common stocks are fully subscribed by the National Government including the ₱12.0 billion paid-up capital.

As of year-end 2012, the Bank's total capital stood at ₱84.0 billion. This is ₱6.2 billion or 8 percent higher than the ₱77.7 billion capital level in 2011. The improvement is mainly from additional retained earnings that reached ₱36.2 billion in 2012. Net unrealized gains on AFS securities amounted to ₱24.7 billion. (see table on page 39)

The Bank's risk-based Capital Adequacy Ratio (CAR) in 2012 improved to 20.47 percent from 16.68 percent in 2011 due to the following:

- Unsecured DOSRI declined by ₱4.1 billion; and,
- Issuance of ₱10.5 billion subordinated notes in January 2012, which qualified as tier 2 capital

Tier 1 ratio likewise improved to 13.48 percent or by 82 bps from 12.66 percent the previous year mainly due to the decline in unsecured DOSRI cited above.

The Bank's 20.47 percent CAR is significantly higher than the regulatory requirement and internal threshold level of 10 and 13 percent, respectively. It is also among the strongest in the banking industry and the highest among the four biggest banks in the Philippines.

Credit Ratings

Two major credit rating agencies – Fitch Ratings and Moody's Investors Services, conduct an annual unsolicited review of the Bank's operations, strategic direction and financial performance. The latest review meetings held in the second half of 2012 resulted in the following ratings for the Bank:

Rating Agency	***Rating Date***		***Rating***
Fitch Ratings	*19 January 2013* *1 April 2013*	*Viability Rating* *Long-Term Foreign Currency Issuer Default Rating (IDR)* *Long-Term Local Currency IDR* *National Long-Term Rating* *Support Rating* *Support Rating Floor*	*bb+* *BB+* *BB+* *AA+(Phl)* *3* *BB+*
Moody's Investors Services	*17 March 2013*	*Bank Financial Strength Rating* *Global Local Currency Deposit Rating* *Foreign Currency Deposit Rating*	*D-* *Ba1/NP* *Ba1*

The Bank's institutional ratings shown above are near the top among the rated-Philippine banks based on the following rating drivers:

- Dominant position and important policy mandate to finance agribusiness and rural infrastructure;
- Satisfactory earnings profile, with ROA slightly above banking peers for the last five years;
- Sound funding and liquidity, given the access to low-cost deposits and overseas development assistance funds;
- Manageable loan risks, with moderate loan losses and loan spillages of restructured loans into NPLs in the last five years;
- Improved core capitalization despite limited capital infusion and legal requirement to remit 50 percent of annual earnings as dividends; and,
- High probability of support as it is 100 percent state-owned policy bank and its systemic importance as the fourth largest bank.

The Bank's credit profile is comparable with similarly-rated banks globally.

LANDBANK Capital Structure and CAR Computation
(In ₱ M)

	GROUP		PARENT	
	Dec. 2012	**Dec. 2011**	**Dec. 2012**	**Dec. 2011**
Tier 1 Capital				
Core Tier 1 Capital				
- Paid-up Common Stock	11,971.00	11,971.00	11,971.00	11,971.00
- Retained Earnings	27,823.47	27,252.01	27,823.47	27,525.01
- Undivided Profits	10,343.86	9,226.86	10,343.86	9,226.86
Total	**50,138.33**	**48,449.87**	**50,138.33**	**48,449.87**
Deductions from Tier 1				
Net Unrealized Losses on AFS Equity Sec. Purchased	10.99	4.47	10.99	4.47
Unsecured DOSRI Loans (including DBPL)	1,441.26	5,593.41	1,441.26	5,593.41
Defferred Income Tax	1,322.57	1,254.65	1,260.02	1,206.68
Total	**2,774.82**	**6,852.53**	**2,712.27**	**6,804.56**
Net Tier 1 Capital	**47,363.51**	**41,597.34**	**47,426.06**	**41,645.31**
Tier 2 Capital *(limited to 100% of total Tier 1 Capital)*				
Upper Tier 2				
- Net Unrealized Gains on AFS Equity Sec. Purchased	4,476.74	4,304.22	4,476.74	4,304.22
- General Loan Loss Provision	2,938.89	2,365.62	2,926.59	2,350.60
Total Upper Tier 2 Capital	**7,415.63**	**6,669.84**	**7,403.33**	**6,654.82**
Lower Tier 2 *(limited to 50% of total Tier 1 Capital)*				
- Subordinated Notes (₱6,934 M) - June 2009	6,934.00	6,934.00	6,934.00	6,934.00
- Subordinated Notes (₱10,500 M) - January 2012	10,500.00	-	10,500.00	-
Total Lower Tier 2 Capital	**17,434.00**	**6,934.00**	**17,434.00**	**6,934.00**
Total Tier 2 Capital	**24,849.63**	**13,603.84**	**24,837.33**	**13,588.82**
Gross Qualifying Capital	**72,213.14**	**55,201.18**	**72,263.39**	**55,234.13**
Deductions from Gross Qualifying Capital	1,221.74	1,145.90	2,445.11	2,309.03
Adjusted Tier 1 Capital	**46,752.64**	**41,024.39**	**46,203.51**	**40,490.80**
Adjusted Tier 2 Capital	**24,238.76**	**13,030.89**	**23,614.78**	**12,434.31**
Total Qualifying Capital	**70,991.40**	**54,055.28**	**69,818.29**	**52,925.11**
Risk-Weighted Assets	**Dec. 2012**	**Dec. 2011**	**Dec. 2012**	**Dec. 2011**
Credit Risk-Weighted Assets				
- RW On-Balance Sheets	27,639.87	250,393.05	272,410.27	248,046.15
- RW Off-Balance Sheet Assets	20,020.23	11,748.25	20,020.23	11,748.25
- Counterparty RW Assets in the Trading Books	228.89	182.38	228.89	182.38
Deduction: Gen loan loss provision in-excess of permitted	(184.90)	-	(179.01)	-
Total Credit Risk-Weighted Assets	**293,704.09**	**262,326.68**	**292,480.38**	**259,976.78**
Market Risk-Weighted Assets				
- Interest Rate Exposure	306.24	48.05	306.24	48.05
- Equity Exposure	108.47	-	108.47	-
- Foreign Exchange Exposure	235.89	1,363.30	235.89	1,363.30
- Options	8,864.89	19,398.23	8,864.89	19,398.23
Total Market Risk-Weighted Assets	**9,515.49**	**20,809.58**	**9,515.49**	**20,809.58**
Total Operational Risk-Weighted Assets	**43,572.43**	**40,919.40**	**42,875.83**	**40,584.30**
Total Risk-Weighted Assets	**346,792.01**	**324,055.66**	**344,871.70**	**321,370.66**
Risk-Based Capital Adequacy Ratio (CAR)	**20.47%**	**16.68%**	**20.24%**	**16.47%**
Tier 1 Capital Ratio	**13.48%**	**12.66%**	**13.40%**	**12.60%**
Total LBP Capital (Per Balance Sheet)	**83,972.26**	**77,724.18**	**81,903.43**	**75,830.21**

LANDBANK Subsidiaries and Foundation

LBP LEASING CORPORATION (LBP LEASE)

LBP Leasing Corporation (LBP Lease) continues to complement services of LANDBANK by ensuring availability of different leasing and financing facilities that will support the undertaking of the priority sectors for its growth and sustainability. The Corporation continued to provide leasing services (financial leases and operating leases), fleet financing, short-term credit lines and mortgage loans to small and medium enterprises, government agencies including Government-Owned and -Controlled-Corporations, large corporations and agri-business companies.

For the year 2012, the Corporation's net income after tax (NIAT) amounted to ₱148.8 million, from gross revenues of ₱532.7 million against total expenses of ₱344.1 million. This was 15 percent higher than 2011 NIAT of ₱129.6 million. The resulting per capita income posted at ₱3.9 million.

The growth in total portfolio resulted in increased total resources of the corporation to ₱3.12 billion by end-2012. LBP Lease realized healthy returns on equity (13 percent), assets (five percent) and investment (25 percent), mostly within current industry averages. Thus, LBP Lease remains among the top bank affiliated finance and leasing companies in the country.

LBP Lease, through its credit facilities, shall continue to support and contribute to the major programs of the government by driving its business towards attainment of objectives set forth in the five key result areas, namely, good governance, poverty reduction, peace, economic development and environmental awareness.

LBP Lease provides leasing services to government and private institutional clients through direct lease, sale-and-lease back, lease line, vendor lease arrangement and operating lease. LBP Lease can finance receivables or purchase orders from corporate clients of enterprises through a short-term credit line. This facility enables the clients to: 1) liquidate receivables so clients can have additional capital and continue servicing their clients; 2) fund increasing level of operations; and 3) service abnormally large purchase orders or transactions. It also offers fleet financing where companies can acquire automotive vehicles needed in their marketing distribution or other requirements. This also enables companies to implement a car plan program for their officers and staff with little cash outlay. The mortgage loan facility, on the other hand, provides medium or long-term financing secured by real estate or chattel mortgage to qualified borrowers that need to construct plants, buildings or increase permanent working capital.

MASAGANANG SAKAHAN, INC. (MSI)

Year 2012 marked significant changes in Masaganang Sakahan, Inc.'s (MSI) management and business operations. For one, its five-year Medium Term Development Plan kicked off with a renewed and revitalized mission of promoting and extending marketing support and services to small farmers, cooperatives, SMEs and their organizations in the countryside.

In 2012, MSI assisted a total of 40 cooperatives with approximately 62,600 farmer-beneficiaries and 77 small and medium enterprises with combined traded volume for palay and milled rice of ₱175.46 million, 69 percent higher than 2011's traded volume of only ₱104.07 million. MSI's improved performance resulted from intensive marketing efforts and the management's priority to tap local cooperatives in certain areas as suppliers of palay.

Assistance to LANDBANK in terms of loan payment collection from cooperatives through payment-in-kind amounted to ₱107.12 million, considerably higher by 95 percent compared to last year's collection of only ₱54.88. This is credited to the active participation of cooperative-partners under this program. These cooperative-partners were given recognition by MSI in August 2012 for their support and contribution as partners in the success of its Payment-In-Kind Program.

In its trading business, MSI strengthened its marketing efforts as well as its logistical capability in order to increase its business volume. In 2012, MSI became LANDBANK's sole supplier of milled rice for its employees. Through this program, MSI was able to directly serve milled rice to all LANDBANK employees nationwide. This move led to the considerable increase of traded milled rice volume by 15 percent, from 58,228 bags to 67,094 bags.

Through persistent marketing effort and some policy changes that afforded it more leeway in competitive bidding with other private entities, MSI's number of accounts grew to 29 from only eight in 2011. The total volume traded consequently improved to 20,752 bags, significantly higher against 2011's traded volume of only 3,945 bags.

MSI realized gross revenues of ₱178.94 million, 38 percent higher from its 2011 level of ₱129.26 million. This enabled the company to attain a gross profit of ₱23.67 million, a 43 percent improvement from last year's gross profit of ₱16.50 million. As a result, net operating income rose 167 percent from ₱3.66 million in 2011 to ₱9.76 million in 2012. Net income after tax increased to P9.94 million from ₱5.74 million in 2011.

Total resources reached ₱169.82 million, higher by 41percent or ₱49.52 million compared to year 2011 of ₱120.30 million. Total liabilities increased by 151 percent or ₱37.50 million from last year's ₱24.86 million to this year's ₱62.36 million. Stockholders equity improved by ₱12.02 million or 13 percent from last year's ₱95.44 million to ₱107.46 million in 2011.

In its effort to improve its business efficiency, MSI also focused in 2012 on reviewing and enhancing its operational structure and policies. It provided essential training to key employees and crafted the MSI Performance Evaluation System to strengthen its human resource capabilities.

LBP RESOURCES AND DEVELOPMENT CORPORATION (LBRDC)

The LBP Resources and Development Corporation (LBRDC) handles the Bank's construction and facility requirements particularly branch construction, relocation and renovation, and automated teller machines (ATMs) booth construction. LBRDC also helps the Bank in the disposal of its non-performing assets by providing brokering services, real estate management and development of the Bank's foreclosed assets.

For 2012, LBRDC completed the construction and renovation of 33 branch offices and six ATM booths. It also completed the construction and renovation of six townhouse units in Dasmariñas, Cavite. With these accomplishments, LBRDC generated ₱174.15 million in construction revenues, higher by 66 percent compared to ₱105.39 million in 2011. LBRDC also generated ₱35.36 million in revenues from other business activities like brokering, property management, rentals of building, and manpower services. LBRDC posted an income after tax of ₱18.99 million in 2012.

In 2012, the company's total resources grew by 13 percent or ₱55.69 million compared with the previous year. The growth was primarily due to the increase in current assets, investment in bonds, condominium property and equipment. Stockholders' equity also increased by 12 percent or ₱46.07 million due to

LANDBANK's equity contribution in the form of property located at the World Center in Makati City and the net income generated in 2012.

In 2012, LBRDC obtained Securities and Exchange Commission approval on the increase of capital stock from ₱100 million to ₱500 million and the change of corporate name from LB (LANDBANK) Realty and Development Corporation to LBP Resources and Development Corporation. The company also updated and implemented various policies, systems and procedures. Moreover, it invested in the upgrading of skills and capabilities of its staff through various seminars and trainings.

LBRDC continued providing manpower and janitorial services to HOLCIM Philippines, Inc. and Ajinomoto Philippines Corporation.

LBRDC physically completed the construction of its warehouse in Antipolo City for storage of construction materials, tools and equipment as well as archive documents and records. LBRDC also continues its activities aimed at enhancing operational efficiency in the procurement of construction equipment and upgrading its technologies to enhance its customer service capabilities.

LBP INSURANCE BROKERAGE, INC. (LIBI)

The LBP Insurance Brokerage, Inc. (LIBI) was established by LANDBANK to service the insurance requirements of the Bank and its clients. It is engaged in the business of general insurance brokerage and management and consultancy services on insurance-related activities. Insurance product lines include fire insurance, life insurance and other miscellaneous insurance business from engineering, aviation, credit card, floater, pre-need lines, among others.

Specifically, LIBI determines the essential and comprehensive insurance risks that LANDBANK, its clients and government corporations need to be insured against, and sources the appropriate coverage from reputable and accredited insurance providers at a cost most advantageous to the insured. In the event of losses, LIBI assists the clients and insurance providers for the expeditious settlement of claims.

LIBI's business volume from insurance premiums amounted to ₱555.9 million in 2012, down slightly from ₱559.9 million in 2011. The bulk of LIBI's total revenues was contributed by LANDBANK clients with a share of 61 percent or ₱340.5 million in premium payments.

In 2012, LIBI also assisted the insurance needs of LANDBANK clients: 469 cooperatives, 16,206 retail accounts for livelihood loans, personal accidents and MRI insurance; and 5,795 housing loan borrowers. Collection efficiency also improved at 92 percent compared to 2011's rate of 90 percent.

Aside from insurance, among LIBI's core businesses are foreign exchange trading and dollar brokerage. The volume of US dollars traded in 2012 amounted to USD 60.37 million, 35 percent lower than the 2011 level of USD 92.82 million. The decline in volume traded was due to the slowing down of business coming from overseas remittance, and other non-recurring business. Volume from dollar brokerage, however, compensated for the slowdown recording a total of USD 50.86 million in volume brokered in 2012, more than double the 2011 figure of USD 18.51 million. Overall dollar volume traded remained at USD 111.23 million.

In 2012, LIBI's net income declined by six percent – from ₱72 million in 2011 to ₱67.6 million in 2012 due to the decrease in service fees collected, and the drop in trading income. With effective cost-cutting measures, LIBI was able to bring down its manpower and operating expenses to ₱31.0 million, 10 percent lower than the 2011 figures.

LIBI's total assets improved slightly to ₱904.12 million from 2011's level of ₱872.58 million. Liabilities stood at ₱101.31million. Cash dividend remitted to LANDBANK for 2012 amounted to ₱36.0 million.

LANDBANK COUNTRYSIDE DEVELOPMENT FOUNDATION, INC. (LCDFI)

The LANDBANK Countryside Development Foundation, Inc. is a non-stock, non-profit corporate foundation established in 1983. The Foundation undertakes and maintains programs and projects to promote and advance the lives of LANDBANK's key partners and priority sectors which include the small farmers and fisherfolk, agrarian reform beneficiaries, agricultural workers, other marginalized sectors, indigenous people and overseas Filipino workers.

For the year 2012, LCDFI conducted a total of 136 training sessions to Bank-assisted key and anchor key cooperatives involved in the Bank's Food Supply Chain Program.These training programs include modules on financial analysis, cooperative legal issues and remedies, good governance and risk management, strategic planning, account management and credit administration. Essential topics such as marketing fundamentals, internal control, building long-term client relationship and other co-op best practices are likewise discussed in the trainings conducted by LCDFI to help further strengthen the cooperatives operations.

LCDFI also organized 16 capability building trainings for 54 microfinance institutions (MFIs) program partners. The program focused on financial inclusion with the aim of widening the MFI's prospects on potential financial products that can be extended to grassroots areas.

In 2012, the LCDFI also implemented educational assistance and scholarships intended for LANDBANK's priority clients, particularly the small farmers and fisherfolk and their dependents. LCDFI maintained 40 scholars in high school, one of whom graduated in March 2012. These scholars were supported by LCDFI from primary education up to secondary level.

LCDFI's Gabay ng LANDBANK Program provides OFWs and their families with orientation trainings on business start-up, savings and investment options. It also established a one-stop shop for OFWs that provide information on LANDBANK's financial services and other government agencies' assistance programs and incentives. In 2012, 12 entrepreneurship trainings were conducted under this program.

As part of its thrust to promote convergence of community-based programs, LCDFI established partnerships with grassroots-based microfinance institutions and LANDBANK-assisted key cooperatives.The following community-based programs are aimed towards providing livelihood trainings, access to clean water, electricity and sanitation, ecological and environmental protection and preservation, development of local arts and culture, among others. In 2012, LCDFI implemented and co-sponsored 54 community programs benefiting 17,445 grassroots beneficiaries.

Board of Directors

Mr. Crispino T. Aguelo
Director
(Representative - Agrarian Reform Beneficiaries)

Mr. Tomas T. de Leon, Jr.
Director
(Representative - Private Sector)

Mr. Domingo I. Diaz
Director
(Representative - Private Sector)

Mr. Victor Gerardo J. Bulatao
Director
(Representative - Agrarian Reform Beneficiaries)

Gilda E. Pico
Vice Chairman
President and CEO

Sec. Cesar V. Purisima
Chairman
(Secretary - Department of Finance)

Usec. Anthony N. Paruñgao
Alternate Director
(Department of Agrarian Reform)

Sec. Proceso J. Alcala
Director
(Secretary - Department of Agriculture)

Usec. Antonio A. Fleta
Alternate Director
(Department of Agriculture)

Sec. Rosalinda D. Baldoz
Director
(Secretary - Department of Labor and Employment)

Usec. Danny P. Cruz
Alternate Director
(Department of Labor and Employment)

Sec. Virgilio R. delos Reyes
Director
(Secretary - Department of Agrarian Reform)

Usec. Jeremias N. Paul, Jr.
Alternate Director
(Department of Finance)

Management Team

Seated: President and CEO Gilda E. Pico
Standing from left: EVP Rabboni Francis B. Arjonillo, EVP Jocelyn D.G. Cabreza, EVP Andres C. Sarmiento, EVP Cecilia C. Borromeo and SVP Julio D. Climaco, Jr.

Units Under the Board and Office of the President

From left: VP Ricardo S. Arlanza, FVP Josephine G. Cervero *(seated)*, FVP Alex A. Lorayes, FVP Liduvino S. Geron, FVP Noemi P. Dela Paz *(seated)* and FVP Reynauld R. Villafuerte

From left: LCDFI Executive Director Erlinda C. Ramos, VP Felix L. Manlangit *(seated)*, VP Annalene M. Bautista, VP Rosemarie M. Osoteo, VP Noel B. Marquez *(seated)* and FVP Teresita E. Cheng

Agricultural and Development Lending Sector

Seated from left: VP Filipina B. Monje, VP Leila C. Martin, VP Lolita T. Silva, FVP Daisy M. Macalino and VP Ma. Celeste A. Burgos
Standing from left: LIBI President and CEO Atty. Jesus F. Diaz, MSI President and General Manager Roy C. Oscillada, FVP Jose Abelardo F. Agregado, LBP Lease President and CEO Manuel H. Lopez, SVP Edward John T. Reyes and FVP Joselito P. Gutierrez

Branch Banking Sector

Seated from left: VP Minda D. Rubio, FVP Marilyn M. Tiongson, and VP Ana S. Concha
Standing from left: FVP Jennifer A. Tantan, FVP David P. Camaya, VP Ananias O. Lugo, Jr., and FVP Wesly C. Magnaye

From left: VP Ramon R. Monteloyola,
VP Manuel Jose Mari S. Infante, VP Ruel Z. Romarate *(seated)*,
FVP Roberto S. Vergara, VP Camilo C. Leyba *(seated)*,
VP Mauricio C. Feliciano and VP Renato G. Eje

Corporate Services Sector

From left: VP Donato C. Endencia,
LBRDC President and General Manager Simeona S. Guevara *(seated)*,
FVP Ramon K. Cervantes, VP Catherine Rowena B. Villanueva *(seated)*
and FVP Romeo C. Castro

Treasury and Investment Banking Sector

From left: VP James A. Aldana and FVP Carel D. Halog

Operations Sector

From left: VP Randolph L. Montesa, SVP Alan V. Bornas *(seated),*
VP Ma. Eloisa C. Dayrit, FVP Conrado B. Roxas,
SVP Yolanda D. Velasco *(seated)* and VP Antonio V. Hugo, Jr.

List of Officers and Department Heads

as of December 31, 2012

PRESIDENT AND CEO
Gilda E. Pico

INTERNAL AUDIT GROUP
FVP Noemi P. Dela Paz

Field Operations Audit Department
DM Dina Melanie R. Madrid

Credit Review Department
AVP Constance V. Manuel

Head Office and Systems Technology Audit Department
AVP Bernardo P. Castro

Audit Service Team
Mr. Kriden F. Balgomera

LEGAL SERVICES GROUP
FVP Reynauld R. Villafuerte

Administrative Legal Department
AVP Virgilio M. Quintana

Banking Legal Services Department
VP Ricardo S. Arlanza

Litigation Department
VP Rosemarie M. Osoteo

CARP Legal Services Department
VP Noel B. Marquez

Field Legal Services Department
VP Felix L. Manlangit

RISK MANAGEMENT GROUP
FVP Teresita E. Cheng

Business Risk Management Department
AVP Sofia C. Ladores

Credit Policy and Risk Management Department
AVP Danilo E. Quilantang

Treasury Risk Management Department
AVP Rosemarie E. Sotelo

STRATEGIC PLANNING GROUP
FVP Liduvino S. Geron

Corporate Planning and Economics and Policy Studies Department
AVP Sheila Marie M. Encabo

Customer Service and Product Development Department
Ms. Cressida M. Alday-Mendoza

Central MIS Department
Mr. Samuel E. Acuña

Quality Management Office
Ms. Sandra May C. Daraman

TRUST BANKING GROUP
FVP Josephine G. Cervero

Trust Operations Department
Ms. Lamelita G. Aquino

Trust Portfolio Management Department
AVP Josefino P. Cerin

Trust Marketing Department
Mr. Camilo G. Sanchez

COMPLIANCE MANAGEMENT OFFICE
VP Annalene M. Bautista

CORPORATE SECRETARY
FVP Reynauld R. Villafuerte – Concurrent Head

AGRARIAN SERVICES GROUP
FVP Alex A. Lorayes

Bond Servicing Department
Mr. Ricarte Porfirio A. Rey

Landowners Assistance and Policy Department
Mr. Vicente Ramon A. Castro

Landowners Compensation Department
Mr. Rafael L. Berbaño

PHYSICAL SECURITY OFFICE
AVP Efren S. Tedor

LBP COUNTRYSIDE DEVELOPMENT FOUNDATION, INC.
Executive Director
Erlinda C. Ramos

AGRICULTURAL AND DEVELOPMENT LENDING SECTOR
EVP Cecilia C. Borromeo

Loan Recovery Department
AVP Emellie V. Tamayo

Special Assets Department
Ms. Emma M. Brosas

Lending Support Department
Ms. Carolyn I. Olfindo

CORPORATE BANKING GROUP
SVP Edward John T. Reyes

Corporate Banking Department I
VP Lolita T. Silva

Corporate Banking Department II
AVP Vilma V. Calderon

Corporate Banking Department III
AVP Rosario S. Domingo

Public Sector Department
AVP Lucila E. Tesorero

Financial Institutions Department
AVP Cielito H. Lunaria

LENDING PROGRAMS MANAGEMENT GROUP
VP Leila C. Martin

Program Management Department I
Mr. Hermeo G. Bautista

Program Management Department II
Ms. Melinda C. Cruz

Development Assistance Department
Mr. Edgardo S. Luzano

Environmental Program and Management Department
Mr. Prudencio E. Calado III

RETAIL LENDING GROUP
FVP Jose Abelardo F. Agregado

Mortgage Banking Department
Ms. Teresita F. Ison

SME Lending Department
Mr. Edgardo C. Ramirez

NORTHERN AND CENTRAL LUZON LENDING GROUP
VP Filipina B. Monje

SOUTHERN LUZON LENDING GROUP
FVP Daisy M. Macalino

VISAYAS LENDING GROUP
FVP Joselito P. Gutierrez

MINDANAO LENDING GROUP
VP Ma. Celeste A. Burgos

LBP INSURANCE BROKERAGE, INC.
President and CEO
Jesus F. Diaz

LBP LEASING CORPORATION
President and CEO
Manuel H. Lopez

MASAGANANG SAKAHAN, INC.
President and General Manager
Roy C. Oscillada

BRANCH BANKING SECTOR
EVP Jocelyn DG. Cabreza

Systems Implementation Department
VP Ana S. Concha

Branch Banking Support Department
VP Minda D. Rubio

CCT Program Management Office
Mr. Domingo Conrado G. Galsim

CARD AND ELECTRONIC BANKING GROUP
FVP Marilyn M. Tiongson

Debit Cards and Customer Care Department
Mr. Pacifico C. De Paz, Jr.

Electronic Products Department
FVP Marilyn M. Tiongson – *Concurrent Head*

Credit Card Administration Department
AVP Rossana S. Coronel

List of Officers and Department Heads

as of December 31, 2012

eBanking Support Unit
AVP Vivian C. Bedrijo

OFW REMITTANCE GROUP
FVP Roberto S. Vergara

Overseas Remittance Marketing and Support Department
Mr. Reo S. Andarino

Domestic Remittance Marketing Department
AVP Jose James T. Figueras

NCR BRANCHES GROUP
FVP Jennifer A. Tantan

Relationship Officer (NCR Cluster A)
Ms. Delma O. Bandiola

Relationship Officer (NCR Cluster B)
AVP Lolita M. Almazar

Relationship Officer (NCR Cluster C)
VP Renato G. Eje

Relationship Officer (NCR Cluster D)
Ms. Ma. Cielito D. Valdivia

NORTHERN AND CENTRAL LUZON BRANCHES GROUP
FVP David P. Camaya

Relationship Officer (NCL Cluster A)
AVP Nomerlito A. Juatchon

Relationship Officer (NCL Cluster B)
Ms. Maria Luisa M. Andres

Relationship Officer (NCL Cluster C)
AVP Sylvia C. Lim

SOUTHERN LUZON BRANCHES GROUP
VP Ramon R. Monteloyola

Relationship Officer (SL Cluster A)
VP Mauricio C. Feliciano

Relationship Officer (SL Cluster B)
AVP Marilou L. Villafranca

Relationship Officer (SL Cluster C)
Ms. Jocelyn B. Regulacion

VISAYAS BRANCHES GROUP
VP Ananias O. Lugo, Jr.

Relationship Officer (Vis Cluster A)
VP Manuel Jose Mari S. Infante

Relationship Officer (Vis Cluster B)
VP Ruel Z. Romarate

MINDANAO BRANCHES GROUP
FVP Wesly C. Magnaye

Relationship Officer (Min Cluster A)
AVP Khurshid U. Kalabud

Relationship Officer (Min Cluster B)
VP Camilo C. Leyba

Relationship Officer (Min Cluster C)
AVP Althon C. Ferolino

CORPORATE SERVICES SECTOR
SVP Julio D. Climaco, Jr.

Provident Fund Office
VP Donato C. Endencia

Corporate Affairs Department
VP Catherine Rowena B. Villanueva

FACILITIES AND PROCUREMENT SERVICES GROUP
FVP Romeo C. Castro

Facilities Management Department
AVP Rodelio D. De Guzman

Procurement Department
Mr. Alwin I. Reyes

Project Management and Engineering Department
Mr. Edwin A. Salonga

HUMAN RESOURCE MANAGEMENT GROUP
FVP Ramon K. Cervantes

Employee Relations Department
AVP Voltaire Pablo P. Pablo III

Organization Development Department
Mr. Emmanuel G. Hio, Jr.

Personnel Administration Department
Mr. Joselito B. Vallada

LBP RESOURCES AND DEVELOPMENT CORPORATION

President and General Manager
Simeona S. Guevarra

OPERATIONS SECTOR

EVP Andres C. Sarmiento

TECHNOLOGY MANAGEMENT GROUP

SVP Alan V. Bornas

Network Operations Department
Mr. Enrique L. Sazon, Jr.

Retail Banking Systems Department
Ms. Grace Ofelia Lovely V. Dayo

e-Banking Systems Department
Mr. Arthur E. Dalampan

Data Center Management Department
AVP Alden F. Abitona

Enterprise Systems Department
AVP Marcelino T. Cabahug

IT Project Management Office
VP Randolph L. Montesa

BANKING OPERATIONS GROUP

FVP Conrado B. Roxas

Credit Investigation and Appraisal Department
AVP Winston Rochel L. Galang

Foreign and Domestic Remittance Department
Ms. Corazon A. Gatdula

International Trade Department
Ms. Susan I. Mariano

Loans Implementation Department
AVP Maria Edelwina D. Carreon

BANKING SERVICES GROUP

VP Antonio V. Hugo, Jr.

ATM and Cash Management Department
Ms. Amor C. Ronidel

Central Clearing Department
AVP Reynaldo C. Capa

MDS and Collections Management Department
AVP Carolina Q. Briñas

CONTROLLERSHIP GROUP

SVP Yolanda D. Velasco

Administrative Accounting Department
AVP Gerry D. Villalobos

Agrarian Accounting Department
Mr. Jaime G. Dela Cruz

Inter-Office Transactions Control Department
Ms. Joelee M. Beatingo

Systems and Methods Department
Ms. Celia G. Barretto

Treasury Operations Department
AVP Merceditas N. Oliva

Financial Accounting Department
VP Ma. Eloisa C. Dayrit

TREASURY AND INVESTMENT BANKING SECTOR

EVP Rabboni Francis B. Arjonillo

Investment Banking Department
VP James A. Aldana

Treasury Marketing Unit
Ms. Adelfa R. Masacupan

TREASURY GROUP

FVP Carel D. Halog

Domestic Currency Department
AVP Ma. Francia O. Titar

Foreign Exchange Department
AVP Christine G. Mota

Assets and Liabilities Management Department
AVP Ma. Elizabeth L. Gener

Republic of the Philippines
COMMISSION ON AUDIT
COMMONWEALTH AVE., QUEZON CITY
CORPORATE GOVERNMENT SECTOR
CLUSTER I – BANKING AND CREDIT

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Land Bank of the Philippines

Manila

We have audited the accompanying financial statements of **Land Bank of the Philippines (LBP) and its subsidiaries (referred to as the "Group"),** which comprise the statement of financial position as at December 31, 2012, and the statement of comprehensive income, statement of changes in capital funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards.

Report on the Supplementary Information Required Under Revenue Regulations 19-2011 and 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 19-2011 and 15-2010 in Note 23 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of the LBP. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in realation to the basic financial statements taken as a whole.

COMMISSION ON AUDIT

FIDELA M. TAN
Supervising Auditor

July 03, 2013

Statement of Financial Position

December 31, 2012
(In thousand pesos)

	Note	GROUP		PARENT	
ASSETS		**2012**	**2011**	**2012**	**2011**
Cash and other cash items	5	17,868,379	16,130,729	17,867,540	16,129,879
Due from Bangko Sentral ng Pilipinas	6	85,202,557	77,168,221	85,096,569	77,168,221
Due from other banks	7	4,185,595	2,229,622	3,545,429	1,923,084
Interbank loans receivable	8	11,168,108	7,582,769	11,168,108	7,582,769
Securities purchased under agreements to resell	9	25,000,000	48,500,000	25,000,000	48,500,000
Financial assets at fair value through profit or loss	10	3,813,577	8,427,454	3,813,577	8,427,454
Available for sale investments	4 & 11	188,721,940	143,295,705	188,721,940	143,170,605
Held to maturity investments	4 & 12	43,547,220	44,283,642	43,271,825	43,774,238
Loans and receivables	4, 13 & 18	294,306,191	277,960,284	292,786,156	276,117,645
Investments in subsidiaries	14	-	-	485,826	515,209
Investment property	15	6,861,609	7,075,898	6,741,972	6,976,018
Property and equipment (net)	4 & 16	4,761,483	4,639,064	4,680,485	4,561,261
Non-current assets held for sale		46,910	103,093	19,099	84,257
Other resources - net	17	5,989,384	8,362,393	5,930,169	8,345,242
Deferred income tax	23	66,151	53,512	-	-
		691,539,104	**645,812,386**	**689,128,695**	**643,275,882**
LIABILITIES AND CAPITAL FUNDS					
Liabilities					
Deposit liabilities	19	543,703,729	507,257,798	543,849,006	507,457,975
Bills payable	20	27,123,600	34,139,915	26,823,600	33,394,415
Unsecured subordinated debt	21	17,434,000	6,934,000	17,434,000	6,934,000
Derivative liabilities		46,941	134,446	46,941	134,446
Deposits from other banks		6,225	11,948	6,225	11,948
Treasurer's, Manager's and Cashier's checks		1,376,182	1,515,853	1,376,182	1,515,853
Payment order payable		91,160	101,596	91,160	101,596
Marginal deposits		754,434	519,898	754,434	519,898
Cash letters of credit		759,105	1,114,187	759,105	1,114,187
Other liabilities	22	16,271,466	16,358,566	16,084,616	16,261,357
		607,566,842	**568,088,207**	**607,225,269**	**567,445,675**
Capital Funds	31				
Common stock		11,971,000	11,971,000	11,971,000	11,971,000
Paid-in surplus		101,098	101,098	101,098	101,098
Revaluation increment		61,200	61,200	-	-
Retained earnings free		17,579,392	18,360,185	16,177,974	17,074,287
Retained earnings reserve		18,598,083	14,807,083	18,227,046	14,472,046
Undivided profits		10,965,724	9,056,214	10,724,718	8,838,552
Currency translation difference		-	-	-	-
Net unrealized gains on securities available for sale		24,695,765	23,367,399	24,701,590	23,373,224
		83,972,262	**77,724,179**	**81,903,426**	**75,830,207**
		691,539,104	**645,812,386**	**689,128,695**	**643,275,882**

Statement of Comprehensive Income

For the year ended December 31, 2012
(In thousand pesos)

	Note	GROUP 2012	GROUP 2011	PARENT 2012	PARENT 2011
INTEREST INCOME					
Loans		16,876,895	17,137,442	16,622,317	16,883,521
Investments		9,694,533	9,362,773	9,666,332	9,331,427
Due from Bangko Sentral ng Pilipinas		709,649	1,770,432	709,649	1,770,432
Deposit in banks		12,992	12,033	2,636	821
Others		13,022	87,087	12,901	87,059
		27,307,091	28,369,767	27,013,835	28,073,260
INTEREST EXPENSE					
Deposit liabilities		5,386,939	7,149,961	5,388,674	7,151,514
Unsecured subordinated debt		1,073,324	891,689	1,073,324	891,689
Borrowed funds		1,026,532	1,000,685	1,008,201	972,021
Others		5,456	30,452	21,630	47,614
		7,492,251	9,072,787	7,491,829	9,062,838
NET INTEREST INCOME		19,814,840	19,296,980	19,522,006	19,010,422
PROVISION FOR CREDIT LOSSES	18	415,709	240,992	364,941	178,376
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES		19,399,131	19,055,988	19,157,065	18,832,046
OTHER OPERATING INCOME					
Gain from sale/red/derecog/reclass of non-trading FA and Liab		3,301,481	1,449,746	3,301,481	1,449,746
Foreign exchange gains from revaluation		2,660,454	-	2,660,454	-
Dividends		2,114,705	1,038,815	2,114,705	1,038,814
Fees and commission		1,042,417	1,029,131	966,602	950,036
Gain from dealings in foreign currency		662,369	620,123	651,730	607,832
Gain on financial assets and liabilities - held for trading		-	494,178	-	494,178
Miscellaneous-net		1,016,035	1,517,791	974,291	1,586,962
		10,797,461	6,149,784	10,669,263	6,127,568
OTHER OPERATING EXPENSES					
Compensation and fringe benefits		6,527,745	6,409,079	6,477,791	6,455,650
Loss on financial assets and liabilities - held for trading		2,844,015	-	2,844,015	-
Taxes and licenses		2,050,463	1,952,177	2,020,192	1,925,063
Depreciation and amortization		967,530	1,704,367	956,965	1,690,143
Rent		693,950	671,034	768,244	722,633
Foreign exchange loss from revaluation		-	231,080	-	231,080
Miscellaneous expenses		5,273,274	4,927,010	5,227,937	4,896,493
		18,356,977	15,894,747	18,295,144	15,921,062
INCOME BEFORE INCOME TAX		11,839,615	9,311,025	11,531,184	9,038,552
PROVISION FOR INCOME TAX	23	873,891	254,811	806,466	200,000
NET INCOME		10,965,724	9,056,214	10,724,718	8,838,552
OTHER COMPREHENSIVE INCOME					
Net unrealized gains on securities available for sale		1,328,366	3,031,334	1,328,366	3,031,334
		1,328,366	3,031,334	1,328,366	3,031,334
TOTAL COMPREHENSIVE INCOME		**12,294,090**	**12,087,548**	**12,053,084**	**11,869,886**

Statement of Cash Flows

For the year ended December 31, 2012
(In thousand pesos)

	GROUP		PARENT	
	2012	2011	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	26,922,594	28,043,831	26,626,913	27,750,356
Interest paid	(7,595,155)	(9,352,341)	(7,595,508)	(9,335,857)
Fees and commission	1,042,417	1,029,131	966,602	950,036
Gain on financial assets and liabilities held for trading	(2,844,015)	494,178	(2,844,015)	494,178
Gain from dealings in foreign currency	662,369	620,123	651,730	607,832
Miscellaneous income	1,016,035	1,517,791	974,291	1,586,962
General and administrative expenses	(14,969,419)	(15,593,737)	(14,931,930)	(15,635,011)
Operating income before changes in operating assets and liabilities	**4,234,826**	**6,758,976**	**3,848,083**	**6,418,496**
Changes in operating assets and liabilities				
(Increase)/Decrease in operating assets				
Interbank loans receivable	(3,585,339)	(1,861,169)	(3,585,339)	(1,861,169)
Financial assets at fair value through profit or loss	4,613,877	1,870,468	4,613,877	1,870,468
Loans and receivable	(16,599,013)	(43,084,876)	(16,869,120)	(42,473,377)
Other resources	(214,117)	746,584	(158,926)	733,425
Increase/(Decrease) in operating liabilities				
Deposit liabilities	36,445,931	74,029,261	36,391,031	73,942,957
Derivative liabilities	(87,505)	(17,371)	(87,505)	(17,371)
Marginal deposits	234,536	(371,476)	234,536	(371,476)
Treasurer's, Manager's and Cashier's Checks	(139,671)	706,746	(139,671)	706,746
Other liabilities	(1,215,570)	(61,478)	(1,244,160)	(47,511)
Net cash generated from operations	**23,687,955**	**38,715,665**	**23,002,806**	**38,901,188**
Income taxes paid	(33,566)	(25,823)	-	-
Net cash generated from operating activities	**23,654,389**	**38,689,842**	**23,002,806**	**38,901,188**
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	(655,718)	(511,391)	(644,628)	(508,438)
Disposals of investment property	112,130	815,527	134,765	819,097
(Additions)/Disposals of Non-current assets held for sale	56,183	(2,890)	65,158	9,777
Dividends received	1,135,284	1,038,815	1,135,284	1,038,814
Gain from investment securities	3,301,481	1,449,746	3,301,481	1,449,746
Decrease/(increase) in:				
Available for sale investments	(44,097,869)	5,515,758	(44,222,969)	5,561,067
Held to maturity investments	736,422	(2,668,558)	502,413	(2,709,710)
Investment in subsidiaries	-	-	29,383	62,500
Net cash provided by/used in investing activities	**(39,412,087)**	**5,637,007**	**(39,699,113)**	**5,722,853**
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash dividends paid	(5,105,749)	(4,089,382)	(5,000,000)	(4,000,000)
Other charges to capital	2,980,801	4,376,164	2,928,556	4,382,214
Increase/(decrease) in:				
Bills payable	(7,049,849)	(511,442)	(6,604,349)	(888,442)
Unsecured subordinated debt	10,500,000	(6,576,000)	10,500,000	(6,576,000)
Net cash provided by/used in financing activities	**1,325,203**	**(6,800,660)**	**1,824,207**	**(7,082,228)**
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2,660,454	(231,080)	2,660,454	(231,080)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(11,772,041)**	**37,295,109**	**(12,211,646)**	**37,310,733**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
Cash and other cash items	16,130,729	13,813,681	16,129,879	13,769,027
Due from Bangko Sentral ng Pilipinas	77,168,221	84,812,526	77,168,221	84,812,526
Due from other banks	2,229,622	1,424,256	1,923,084	1,145,898
Securities purchased under agreements to resell	48,500,000	6,683,000	48,500,000	6,683,000
	144,028,572	**106,733,463**	**143,721,184**	**106,410,451**
CASH AND CASH EQUIVALENTS AT END OF YEAR				
Cash and other cash items	17,868,379	16,130,729	17,867,540	16,129,879
Due from Bangko Sentral ng Pilipinas	85,202,557	77,168,221	85,096,569	77,168,221
Due from other banks	4,185,595	2,229,622	3,545,429	1,923,084
Securities purchased under agreements to resell	25,000,000	48,500,000	25,000,000	48,500,000
	132,256,531	**144,028,572**	**131,509,538**	**143,721,184**

Statement of Changes in Capital Funds - Group

For the year ended December 31, 2012
(In thousand pesos)

	Common Stock		Retained Earnings	Revaluation
	Shares	Amount	Free	Increment
Balance, December 31, 2010	1,197,100	11,971,000	13,471,157	61,200
Net income during the year				
Net unrealized gain on securities				
Payment of cash dividends			(3,709,382)	
Transfer to retained earnings free			8,221,663	
Transfer to/from retained earnings reserve			(90,000)	
Application of Appropriation of Retirement Fund			595	
PFRS/prior period adjustment			465,582	
Closure of excess book value over cost of investment in subsidiaries			286	
Currency translation difference			284	
Balance, December 31, 2011	1,197,100	11,971,000	18,360,185	61,200
Net income during the year				
Net unrealized gain on securities				
Payment of cash dividends			(5,105,749)	
Transfer to retained earnings free			9,056,214	
Transfer to retained earnings reserve			(3,036,000)	
Write-down of unamortized deferred charges			(3,443,730)	
Write-off of equity investments to close CFIs under LBP Capital infusion and BSP Rehabilitation Programs			(4,322)	
PFRS/prior period adjustment			1,713,662	
Closure of excess book value over cost of investment in subsidiaries			(8,977)	
Closure/Dissolution of LBP Remittance Co., USA			46,630	
Currency translation difference			1,479	
Balance, December 31, 2012	**1,197,100**	**11,971,000**	**17,579,392**	**61,200**

	Paid-in Surplus	Retained Earnings Reserve	Currency Trans. Difference	Undivided Profits	Net Unrealized Gain on Securities	TOTAL
	101,098	14,218,716	284	8,221,663	20,336,065	68,381,183
				9,056,214		9,056,214
					3,031,334	3,031,334
						(3,709,382)
				(8,221,663)		-
		90,000				-
		(1,632)				(1,037)
		499,999				965,581
						286
			(284)			-
	101,098	14,807,083	-	9,056,214	23,367,399	77,724,179
				10,965,724		10,965,724
					1,328,366	1,328,366
						(5,105,749)
				(9,056,214)		-
		3,036,000				-
						(3,443,730)
						-
						(4,322)
		755,000				2,468,662
						(8,977)
						46,630
						1,479
	101,098	**18,598,083**	**-**	**10,965,724**	**24,695,765**	**83,972,262**

Statement of Changes in Capital Funds - Parent

For the year ended December 31, 2012
(In thousand pesos)

	Common Stock		Retained Earnings
	Shares	Amount	Free
Balance, December 31, 2010	1,197,100	11,971,000	12,163,204
Net income during the year			
Net unrealized gain on securities			
Payment of cash dividends			(3,620,000)
Transfer to retained earnings free			8,060,202
PFRS/prior period adjustment			470,881
Balance, December 31, 2011	**1,197,100**	**11,971,000**	**17,074,287**
Net income during the year			
Net unrealized gain on securities			
Payment of cash dividends			(5,000,000)
Transfer to retained earnings free			8,838,552
Transfer to retained earnings reserve			(3,000,000)
Write-down of unamortized deferred charges			(3,443,730)
Write-off of equity investments to close CFIs under LBP			
Capital infusion and BSP Rehabilitation Programs			(4,322)
PFRS/prior period adjustment			1,711,708
Currency translation difference			1,479
Balance, December 31, 2012	**1,197,100**	**11,971,000**	**16,177,974**

	Paid-in Surplus	Retained Earnings Reserve	Undivided Profits	Net Unrealized Gain/(Loss) on Securities	TOTAL
	101,098	13,972,047	8,060,202	20,341,890	66,609,441
			8,838,552		8,838,552
				3,031,334	3,031,334
					(3,620,000)
			(8,060,202)		-
		499,999			970,880
	101,098	**14,472,046**	**8,838,552**	**23,373,224**	**75,830,207**
			10,724,718		10,724,718
				1,328,366	1,328,366
					(5,000,000)
			(8,838,552)		-
		3,000,000			-
					(3,443,730)
					-
					(4,322)
		755,000			2,466,708
					1,479
	101,098	**18,227,046**	**10,724,718**	**24,701,590**	**81,903,426**

Acknowledgments

Nagkakaisang Magsasaka Agricultural Primary MPC (Talavera, Nueva Ecija)
Leyte Metropolitan Water District (Tacloban City, Leyte)
Nueva Ecija Lending Center
Tacloban Lending Center
Personnel Administration Department
Procurement Department
Facilities Management Department

PRODUCED BY:

Corporate Affairs Department
Strategic Planning Group

DESIGN BY:

OP Communications, Inc.

Dojo Palines, Photography
Janett Fadera, Hair and Make-up
Pilita Guadines, Hair and Make-up

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Orchestrating and Embracing CHANGE

LANDBANK

2012

Annual Report

Notes to Financial Statements

(Amounts In Thousands, Except As Indicated)

1. Corporate Information

The Land Bank of the Philippines (Parent) is a financial institution wholly-owned by the National Government. The Parent was established in 1963 as the financial intermediary of the Land Reform Program of the government. Later, it became the first universal bank by charter with expanded commercial banking powers to sustain its social mission of spurring countryside development.

The Parent is a depository bank of the government and its various instrumentalities. The Parent services requirements of the national government, local government units and government-owned and controlled corporations. As of December 31, 2012, 71 percent of the deposit portfolio came from the government while the rest came from private depositors.

The Parent and its subsidiaries (Group) are engaged in the business of banking, financing, leasing, real estate, insurance brokering and other related services to personal, commercial, corporate and institutional clients. The Group's products and services include deposit-taking, lending and related services, treasury and capital market operations, trade services, payments and cash management, and trust services.

The Parent's principal office of business is located at the LANDBANK Plaza, 1598 M.H. Del Pilar corner Dr. J. Quintos Streets, Malate, Manila.

The accompanying comparative financial statements of the Group and the Parent were authorized for issue by the Parent's Board of Directors on February 25, 2013.

2. Summary of Significant Accounting Policies

2.1 Basis of Financial Statements Preparation

The accompanying financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVPL), available-for-sale (AFS) investments, and derivative financial instruments that have been measured at fair value.

The financial statements of the Parent include the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The financial statements individually prepared for these units are combined after eliminating inter-unit accounts.

The functional currency of RBU and FCDU is Philippine Peso and United States Dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated accounts in the RBU are translated in Philippine peso based on the Philippine Dealing System (PDS) closing rate prevailing at end of the year.

The consolidated financial statements are presented in Philippine peso, and all values are rounded to the nearest thousand pesos (P000) except when otherwise indicated.

2.2 Statement of Compliance

The consolidated financial statements of the Group and of the Parent have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS).

2.3 Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent and the following wholly-owned subsidiaries:

Name	Country of Incorporation	Principal Activity	Functional Currency
LBP Leasing Corporation	Philippines	Leasing	Philippine peso
LBP Insurance Brokerage Inc.	Philippines	Insurance brokerage	Philippine peso
LB (LANDBANK) Realty Development Corporation	Philippines	Real estate	Philippine peso
Masaganang Sakahan, Inc.	Philippines	Trading	Philippine peso
LBP Financial Services-Italy	Italy	Financial services	Euro

The consolidated financial statements were prepared using consistent accounting policies for like transactions and other events in similar circumstances. All significant inter-company balances and transactions have been eliminated in consolidation.

Significant Accounting Policies

Foreign currency translation

Transactions and balances

The books of accounts of the RBU are maintained in Philippine peso, while those of the FCDU are maintained in USD. For financial reporting purposes, the foreign currency-denominated monetary assets and liabilities in the RBU are translated in Philippine peso based on the Philippine Dealing System (PDS) closing rate prevailing at the statement of financial position date. Foreign exchange differences arising from revaluation and translation of foreign-currency denominated assets and liabilities are credited to or charged against operations in the year in which the rates change.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Financial Instruments

Date of recognition

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date - the date that an asset is delivered to or by the Group. Securities transactions are also recognized on settlement date basis. Deposits, amounts due to banks and customers and loans are recognized when cash is received by the Group or advanced to the borrowers.

Initial recognition of financial instruments

All financial assets, including trading and investment securities and loans and receivables, are initially measured at fair value. Except for financial assets valued at FVPL, the initial measurement of financial assets includes transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, HTM investments, AFS investments, and loans and receivables while financial liabilities are classified as financial liabilities at FVPL and financial liabilities carried at cost. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Reclassification of financial assets

A financial asset is reclassified out of the FVPL category when the following conditions are met:

- the financial asset is no longer held for the purpose of selling or repurchasing it in the near term; and
- there is a rare circumstance.

A financial asset that is reclassified out of the FVPL category is reclassified at its fair value on the date of reclassification. Any gain or loss already recognized in the consolidated statement of income is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortized cost, as applicable.

Determination of fair value

The fair value for financial instruments traded in active markets at the statement of financial position date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction is used since it provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

'Day 1' difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the statement of income. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

(a) Financial assets designated at fair value through profit or loss (FVPL)

FVPL consists of securities held for trading and financial assets that are voluntarily designated as FVPL on trade date.

The FVPL category includes government debt securities purchased and held principally with the intention of selling them in the near term. These securities are carried at fair market value, based primarily on quoted market prices, or if quoted market prices are not available, discounted cash flows using market rates that are commensurate with the credit quality and maturity of the investments.

Realized and unrealized gains and losses on these instruments are recognized under the trading and foreign exchange profits accounts in the statements of income.

(b) Loans and receivables, amounts due from BSP and other banks, interbank loans receivable and securities purchased under resale agreements

These are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as other financial assets held for trading, designated as AFS investments or financial assets designated at FVPL.

(c) Held-to-Maturity (HTM) investments

HTM investments are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Group's management has the positive intention and ability to hold to maturity. Where the Group sells other than an insignificant amount of HTM investments or those close to maturity, the entire category would be tainted and reclassified as AFS asset. These investments are carried at amortized cost using the effective interest rate method, reduced by any impairment in value. Gains and losses are recognized in income when the HTM investments are derecognized and impaired, as well as through the amortization process.

(d) Available-for-sale (AFS) investments

AFS investments are those which do not qualify to be classified as designated as FVPL, HTM or loans and receivables. They are purchased and held indefinitely, but which the Group anticipates to sell in response to liquidity requirements or changes in market. AFS investments are carried at fair market value. The effective yield component (including premium, discounts and directly attributable transaction costs) and foreign exchange restatement results of available-for-sale debt securities are reported in earnings. Dividends on AFS equity instruments are recognized in the statements of income when the entity's right to receive payment is established. The unrealized gains and losses arising from the recognition of fair value changes on AFS assets are reported as a separate component of capital funds in the statements of financial position.

Fair Value Measurement

The methods and assumptions used by the Group in estimating the fair value of the financial instruments include the following:

Cash and cash equivalents and short-term investments – Carrying amounts approximate fair values due to the relatively short-term maturity of these instruments.

Debt securities – Fair values are generally based upon quoted market prices. If the market prices are not readily available, fair values are estimated using either values obtained from counterparties or independent parties offering pricing services, values based on adjusted quoted market prices of comparable investments or values computed using the discounted cash flow methodology.

Equity securities - Fair values are based on quoted prices published in markets.

Loans and receivables – Fair values of loans are estimated using the discounted cash flow methodology using the Parent's current incremental lending rates for similar types of loans.

Mortgage loans – Fair values of loans on real estate are estimated using the discounted cash flow methodology using the Parent's current incremental lending rates for similar types of loans.

Short-term investments – Carrying amounts approximate fair values.

Others – Quoted market prices are not readily available for these assets. They are not reported at fair value and are not significant in relation to the Group's total portfolio of securities.

Obligations to repurchase securities are recorded at cost which approximates fair value.

Liabilities – Fair values are estimated using the discounted cash flow methodology using the Parent's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. Except for the long-term fixed rates liabilities and floating rate liabilities with repricing periods beyond three months, the carrying values approximate fair values due to the relatively short term maturities of the liabilities or frequency of the repricing.

Impairment of Financial Assets

The Group determines at each balance sheet date whether there is objective evidence that a financial asset may be impaired.

Assets carried at amortized cost

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for assets that are not individually significant. If it is determined that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics (i.e., on the basis of the Group's scoring process that considers asset term, industry and collateral) and that group of assets is collectively assessed for impairment. Those characteristics are relevant to the estimation of future cash flows for group of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through use of an allowance account.

The amount of loss is charged to current operations. If a loan or HTM investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, any amounts formerly charged are credited to 'Provision for credit and impairment losses' in the statement of income and the allowance account, reduced. The HTM investments, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets and historical loss experience for assets with similar credit risk characteristics. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets are made to reflect and be directionally consistent with changes in related observable data from period to period (such as changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are charged to income.

Restructured loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate. The difference between the recorded value of the original loan and the present value of the restructured cash flows, discounted at the original effective interest rate, is recognized in 'Provision for credit and impairment losses' in the statement of income.

Assets Carried at Cost

If there is objective evidence that an impairment loss on an unquoted equity instruments that are not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AFS Investments

If an AFS investment is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss on that security previously recognized in profit or loss – is removed from equity and recognized in the statement of income. Impairment losses on equity instruments recognized in the statement of income are not reversed through the statement of income. If, in a subsequent period, the fair value of a debt instrument classified as AFS investment increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the statement of income.

<u>Derecognition of Financial Assets and Liabilities</u>

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. Where continuing involvement takes the form of a written and/or purchase option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Derivative Instruments

The Group enters into derivative contracts such as currency forwards and currency swaps to manage its foreign exchange exposure. These derivative financial instruments are initially recorded at fair value on the date at which the derivative contract is entered into and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the statement of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative instruments are booked at its notional amount under contingent account on trade date and subsequently measured using the mark to forward methods. Any gains/(losses) arising from the market valuation are booked under asset account "Derivatives with positive fair value" if the market valuation is positive and under the liability account "Derivatives with negative fair value" if the market valuation is negative contra foreign exchange gain/(loss) account.

For the purpose of hedge accounting, hedges are classified primarily as either: a) a hedge of the fair value of an asset, liability or a firm commitment (fair value hedge); or b) a hedge of the exposure to variability in cash flows attributable to an asset or liability or a forecasted transaction (cash flow hedge).

The Group did not apply hedge accounting treatment for its derivative transactions.

The Group has certain derivatives that are embedded in host financial contracts (such as structured notes, debt investments, and loan receivables) and non-financial contracts (such as purchase orders, lease contracts and service agreements). These embedded derivatives include credit default swaps (which are linked to a reference bond), and calls and puts in debt and equity securities; conversion options in loans receivable; and foreign-currency derivatives in debt instruments, lease contracts, purchase orders and service agreements.

Embedded derivatives are separated from their host contracts and carried at fair value with fair value changes being reported through profit or loss, when the entire hybrid contracts (composed of both the host contract and the embedded derivative) are not accounted for as financial instruments at FVPL and when their economic risks and characteristics are not closely related to those of their respective host contracts.

Offsetting financial instruments

Financial assets and financial liabilities are only offset and the net amount are reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and the liability simultaneously.

Fiduciary Activities

Assets and income arising from fiduciary activities together with related undertakings to return such assets to customers are excluded from the financial statements where the Group acts in a fiduciary capacity such as nominee, trustee or agent.

Subsequent Events

Any post-year-end event that provides additional information about the Group's position at the statement of financial position date (adjusting event) is reflected in the financial statements. Post-year-end events that are non adjusting events, if any, are disclosed in the Notes to the financial statements, when material.

Impairment of Property and Equipment, Investment Property and Other Resources

At each reporting date, the Group assesses whether there is any indication that the property and equipment and investment properties may be impaired.

Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Investments in Subsidiaries

The Group's investments in subsidiaries and entities in which the Group has control are accounted for under the cost method of accounting in the separate financial statements. These are carried in the statement of financial position at cost less any impairment in value.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value. When the assets are sold or retired, their cost and accumulated depreciation and amortization are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of income.

The initial cost of property and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance costs, are normally charged to profit and loss in the period in which the costs are incurred.

Depreciation and amortization is calculated on a straight-line basis over the estimated useful life (EUL) of the property and equipment as follows:

	Number of Years
Buildings	10 - 30
Furniture, fixtures and equipment	5 - 10
Leasehold rights	10 - 30*
Transportation equipment	7 - 10

*EUL shall depend on the length of the lease. It shall be the period of the lease or the EUL of the assets, as given, whichever is shorter.

The useful life and depreciation and amortization methods are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Investment properties

Property acquired by the Group in settlement of loans through foreclosure or dation in payment, and that is not significantly occupied by the Group, is classified as investment property. Investment property comprises land and building.

Investment properties are measured at their fair value as the deemed cost as allowed under PFRS 1 and PAS 40. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment loss. Investment properties are derecognized when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on derecognition of an investment property are recognized in the profit and loss in the year of derecognition.

Expenditures incurred after the fixed investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred.

Depreciation is calculated on a straight-line basis over 10 to 30 years, which is the estimated useful life of the investment properties.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful lives (three to five years).

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred.

Income Taxes

Income tax on the profit for the year comprises current tax only. Income tax is recognized in the statement of income except to the extent that it relates to items recognized directly in equity. Current income tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted as of the balance sheet date, and any adjustment to tax payable in respect to previous years.

Deferred tax assets are recognized for the future tax consequences attributable to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes and the carry forward benefits of the net operating loss carryover (NOLCO) and the minimum corporate income tax (MCIT) over the regular corporate income tax. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates that have been enacted or substantially enacted as of the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced, if appropriate.

Employee Benefits

The Group maintains a defined contribution plan which provides for estimated pension benefits on its contributory retirement plan covering all regular employees.

Leases

(a) LBP Group is the lessee

(i) Operating lease - leases in which substantially all risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

(ii) Financial lease - leases of assets where the LBP Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and the finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in deferred credits and other liabilities. The interest element of the finance cost is charged to the statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(b) LBP Group is the lessor

(i) Operating lease - properties leased out under operating leases are included in investment property in the statement of financial position. Rental income under operating leases is recognized in the statement of income on a straight-line basis over the period of lease.

(ii) Finance lease - when assets are leased out under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned income.

Lease income under finance lease is recognized over the term of the lease using the net investment method before tax, which reflects a constant periodic rate of return.

Revenue Recognition

Interest income and fees which are considered an integral part of the effective yield of a financial asset are recognized using the effective interest method, unless collectibility is in doubt.

Interest is recognized on impaired loans and other financial assets based on the rate used to discount future cash flows to their net present value.

Dividend income is recognized when the right to receive payment is established.

Gains or losses arising from the trading of securities and foreign currency are reported in the statement of income.

Generally, commissions, service charges and fees are recognized only upon collection or accrued where there is reasonable degree of certainty as to its collectibility.

Commitment fees received to originate a loan when the loan commitment is outside the scope of PAS 39 are deferred and recognized as an adjustment to the effective interest rate. If the loan commitment expires, the fee is recognized as revenue on expiry.

Borrowing Costs

Borrowing costs are expensed when incurred.

3. Future Changes in Accounting Policies

The Group will adopt the standards and interpretations enumerated below when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on its financial statements.

New Standards and Interpretations

PFRS 3, *Business Combinations* (Revised) and PAS 27, *Consolidated and Separate Financial Statements* (Amended)

The revised standards are effective for annual periods beginning on or after July 1, 2009. PFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results. PAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by PFRS 3 (Revised) and PAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests. PFRS 3 (Revised) will be applied prospectively while PAS 27 (Amended) will be applied retrospectively with few exceptions.

Philippine Interpretation IFRIC 15, *Agreement for Construction of Real Estate*

This Interpretation, effective for annual periods beginning on or after January 1, 2012 covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Interpretation requires that the revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, Construction Contracts, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provisions of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion.

Philippine Interpretation IFRIC 17, *Distributions of Non-Cash Assets to Owners*

This Interpretation is effective for annual periods beginning on or after July 1, 2009 with early application permitted. It provides guidance on how to account for non-cash distributions to owners. The interpretation clarifies when to recognize a liability, how to measure it and the associated assets, and to derecognize the asset and liability.

Amendments to Standards

PAS 39 Amendment – *Eligible Hedged Items*

The amendment to PAS 39, Financial Instruments: Recognition and Measurement, effective for annual periods beginning on or after July 1, 2009, clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations.

PFRS 2 Amendments – Group *Cash-settled Share-based Payment Transactions*

The amendments to PFRS 2, Share-based Payments, effective for annual periods beginning on or after January 1, 2010, clarify the scope and the accounting for group cash-settled share-based payment transactions.

Improvements to PFRS 2009

The omnibus amendments to PFRS issued in 2009 were issued primarily with a view to remove inconsistencies and clarify wording. The amendments are effective for annual periods beginning on or after January 1, 2010 except otherwise stated. The Group has not yet adopted the following amendments and anticipates that these changes will have no material effect on the financial statements.

- PFRS 2, *Share-based Payment,* clarifies that the contribution of a business on formation of a joint venture and combinations under common control are not within the scope of PFRS 2 even though they are out of scope of PFRS 3, Business Combinations (Revised). The amendment is effective for annual periods beginning on or after July 1, 2009.

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in PFRS 5. The disclosure requirements of other PFRS only apply if specifically required for such non-current assets or discontinued operations.

- PFRS 8, *Operating Segment Information*, clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.

- PAS 1, *Presentation of Financial Statements*, clarifies that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.

- PAS 7, *Statement of Cash Flows*, explicitly states that only expenditure that results in a recognized asset can be classified as a cash flow from investing activities.

- PAS 17, *Leases*, removes the specific guidance on classifying land as a lease. Prior to the amendment, leases of land were classified as operating leases. The amendment now requires that leases of land are classified as either "finance" or "operating" in accordance with the general principles of PAS 17. The amendments will be applied retrospectively.

- PAS 36, *Impairment of Assets*, clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in PFRS 8 before aggregation for reporting purposes.

- PAS 38, *Intangible Assets*, clarifies that if an intangible asset acquired in a business combination is identifiable only with another intangible asset, the acquirer may recognize the group of intangible assets as a single asset provided the individual assets have similar useful lives. Also clarifies that the valuation techniques presented for determining the fair value of intangible assets acquired in a business combination that are not traded in active markets are only examples and are not restrictive on the methods that can be used.

- PAS 39, *Financial Instruments: Recognition and Measurement,* clarifies the following:

  – that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract.

  – that the scope exemption for contracts between an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date applies only to binding forward contracts, and not derivative contracts where further actions by either party are still to be taken.

  – that gains or losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges of recognized financial instruments should be reclassified in the period that the hedged forecast cash flows affect profit or loss.

- Amendment to Philippine Interpretation IFRIC 9, *Reassessment of Embedded Derivatives*, clarifies that it does not apply to possible reassessment at the date of acquisition, to embedded derivatives in contracts acquired in a business combination between entities or businesses under common control or the formation of joint venture.

- Amendment to Philippine Interpretation IFRIC 16, *Hedge of a Net Investment in a Foreign Operation*, states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of PAS 39 that relate to a net investment hedge are satisfied.

IFRS 9, Financial Instruments Part 1: Classification and Measurement.

IFRS 9 was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:

(i) Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortized cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

(ii) An instrument is subsequently measured at amortized cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flow, and the asset's contractual cash flow represent only payments of principal and interest. All other debt instruments are to be measured at fair value through profit or loss.

(iii) All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognize unrealized and realized fair value gains and losses through other comprehensive income rather than profit or loss. There shall be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

4. Significant Accounting Judgments and Estimates

The preparation of the financial statements in compliance with PFRS requires the Group to make estimates and assumptions that affect the reported amounts of resources, liabilities, income and expenses and disclosure of contingent resources and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Group's accounting policies, Management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

a. Operating lease commitments

The entity has entered into commercial property leases on its investment property portfolio. The entity has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

b. Impairment losses on loans and receivables and HTM investments

The Group reviews its loans and receivables and HTM investments to assess impairment at least on an annual basis or earlier when an indicator of impairment exists. In determining whether an impairment loss should be recorded in the statement of income, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial asset before the decrease can be identified with an individual asset in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. The carrying values of receivables from customers and HTM investments of the Group and the Parent are P337,853,411 and P336,057,981 as of December 31, 2012 and P322,243,926 and P319,891,883 as of December 31, 2011, respectively.

c. Impairment of AFS investments

The Group determines that available-for-sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows. The carrying values of AFS investments of the Group and the Parent are P188,721,940 and P188,721,940 as of December 31, 2012 and P143,295,705 and P143,170,605 as of December 31, 2011, respectively.

d. Classification under HTM investments

The classification of non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity. Further, the Group determines whether the investments are quoted or not; unquoted debt investments are classified under Loans and receivables. If the Group fails to keep these investments to maturity other than for specific circumstances – for example, selling an insignificant amount or close to maturity – it will be required to reclassify the entire held-to-maturity portfolio as available-for-sale. The investments would therefore be measured at fair value instead of amortized cost. The carrying values of held-to-maturity investments of the Group and the Parent are P43,547,220 and P43,271,825 as of December 31, 2012 and P44,283,642 and P43,774,238 as of December 31, 2011, respectively.

e. Recognition of deferred tax asset

The Group cannot yet establish when it will realize its deductible temporary differences and carry forward benefits of NOLCO and MCIT. When the Group is already in a positive tax position, the Management will review the level of deferred tax assets that it will recognize in the books.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a. Fair value of financial instruments (including derivatives)

The fair value of financial instruments that are not quoted in active markets are determined by using generally accepted valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by the Risk Management Group. All models are reviewed before they are used to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, models use only observable data, however, areas such as credit risk (both own and counterparty), volatilities and correlations require Management to make estimates. Changes in assumptions about these factors could affect reported fair values of financial instruments.

b. Useful lives of property and equipment

The Group's Management determines the estimated useful lives and related depreciation charges for its property and equipment. The Bank will increase the depreciation charge where useful lives are less than previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. The carrying values of property and equipment of the Group and the Parent are P4,761,483 and P4,680,485 as of December 31, 2012 and P4,639,064 and P4,561,261 as of December 31, 2011, respectively.

5. Cash and Other Cash Items

This account consists of:

	Group		Parent	
	2012	**2011**	**2012**	**2011**
Cash on hand	17,519,841	15,719,655	17,519,837	15,719,560
Checks and other cash items	285,173	369,825	285,148	369,721
Returned checks and other cash items	58,658	36,563	58,658	36,563
Petty cash fund	3,471	3,296	3,345	3,175
Revolving fund	887	890	203	360
Payroll fund	349	500	349	500
	17,868,379	16,130,729	17,867,540	16,129,879

6. Due from Bangko Sentral ng Pilipinas

This account represents the Parent's demand and special deposits in local currency maintained with BSP to meet reserve requirements and to serve as clearing account for interbank claims consistent with BSP guidelines.

7. Due from Other Banks

This account consists of:

	Group		Parent	
	2012	**2011**	**2012**	**2011**
Deposit with local banks	762,286	974,311	127,976	682,721
Deposit with foreign banks	3,423,309	1,255,311	3,417,453	1,240,363
	4,185,595	2,229,622	3,545,429	1,923,084

The Group maintains nostro accounts on global basis with 21 foreign depository banks totaling 28 and 29 bank accounts in 2012 and 2011, respectively, the most significant of which are as follows:

2012	2011
1. Wells Fargo Bank, N.A.	1. Standard Chartered Bank, Tokyo
2. Standard Chartered Bank, N.Y.	2. Wells Fargo Bank, N.A.
3. Standard Chartered Bank, Tokyo	3. Standard Chartered Bank, N.Y.
4. Mizuho Corporate Bank	4. Bank of New York
5. The Bank of Tokyo	5. Mizuho Corporate Bank

Deposits with foreign banks as of December 31, 2012 include special deposit account with Citibank - New York, Standard Chartered Bank - Tokyo and Bank of Tokyo-Mitsubishi, UFJ amounting to $0.04 million, JPY393.22 million and JPY127.15 million, respectively, which are restricted for disbursements on special lending projects.

8. Interbank Loans Receivables

This account consists of the Parent's loans receivable from foreign banks amounting to P11,168,108 and P7,582,769 as of December 31, 2012 and 2011, respectively.

Interbank loans receivable carry interest rates at December 31, as follows:

		2012			2011	
Domestic	3.62%	to	4.12%	4.60%	to	4.25%
Foreign	0.01%	to	1.35%	0.05%	to	1.40%

9. Securities Purchased under Agreements to Resell

This account consists of:

	Group		Parent	
	2012	2011	2012	2011
Government Securities Purchased under Reverse Repurchase Agreement	25,000,000	48,500,000	25,000,000	48,500,000
	25,000,000	48,500,000	25,000,000	48,500,000

Securities Purchased under Agreements to Resell of the Group carry interest rates at 3.50% and 4.50% as of December 31, 2012 and 2011, respectively.

10. Financial Assets at Fair Value Through Profit or Loss

This consists of:

	Group		Parent	
	2012	2011	2012	2011
Government Securities - Domestic	22,746	105,976	22,746	105,976
Government Securities - Foreign	239,261	81,697	239,261	81,697
Private Securities - Domestic	82,351	32,362	82,351	32,362
Derivative with positive fair value	3,469,219	8,207,419	3,469,219	8,207,419
	3,813,577	8,427,454	3,813,577	8,427,454

Financial Assets at Fair Value Through Profit or Loss (FVPL) of the Group carry interest rates at December 31 as follows:

		2012			2011	
Domestic	0.46%	to	10.50%	1.50%	to	10.50%
Foreign	1.42%	to	5.00%	3.00%	to	6.50%

Financial Assets at FVPL includes the foreign exchange (FX) risk cover of the Parent's borrowings from multilateral agencies amounting to P3.41 billion in 2012 and P8.19 billion in 2011 which is treated as a derivative financial instrument per BSP Monetary Board Resolution No. 1063 dated August 14, 2008.

Under a Memorandum of Agreement between the National Government (thru the Department of Finance) and the Parent, the former shall guarantee and assume the FX risk relating to foreign currency denominated borrowings from multilateral agencies (i.e. World Bank, Asian Development Bank, JICA, etc.) which are relent in local currencies. The fair value changes on the FX risk cover are reported immediately in the income statement. As of December 31, 2012, the outstanding notional amount of the FX risk cover amounted to US$16.66 million and JPY17,012.28 million.

Prior to 2007, the value of the FX risk cover as an option derivative varies on the movement of the foreign exchange rates of the Bills Payable. Beginning 2007, in accordance with Monetary Board Resolution No. 1063 dated August 14, 2008, the Bank applied the standard option valuation model approach which resulted in an decrease in the derivative asset amounting to P4.78 million and P219.37 million in 2012 and 2011, respectively.

The derivative with positive fair value comprise of the following:

	2012	2011
Foreign Exchange Risk Cover	3,409,977	8,188,315
Forward Contracts	59,242	19,104
	3,469,219	8,207,419

The Garman-Kohlhagen valuation model used in pricing the derivative Foreign Exchange Risk Cover (FXRC) was found acceptable by the Bangko Sentral ng Pilipinas during the conduct of their on-site validation in 2009.

11. Available for Sale Investments

This account consists of:

	Group		Parent	
	2012	2011	2012	2011
Domestic				
Government	142,725,458	102,088,806	142,725,458	101,963,706
Private	16,934,213	15,670,863	16,934,213	15,670,863
Foreign				
Government	21,496,106	17,975,808	21,496,106	17,975,808
Private securities	268,933	279,697	268,933	279,697
Investment in non-marketable securities, net of allowance for probable losses of P1,450,739 in 2012 and P1,593,296 in 2011	7,297,230	7,280,531	7,297,230	7,280,531
	188,721,940	143,295,705	188,721,940	143,170,605

Available-for-sale investments of the Group carry interest rates at December 31 as follows:

	2012			2011		
Domestic	3.75%	to	13.47%	1.13%	to	15.00%
Foreign	2.03%	to	10.51%	2.50%	to	10.51%

Available-for-sale investments-Domestic Private include 42 million MERALCO shares of stocks with market value of P10.945 billion which are subject to legal disputes. In November 2008, MERALCO unlawfully cancelled the 42 million shares of stocks registered in the name of the Parent and reissued the same in favor of another individual allegedly in compliance with the Demand to Comply issued by the Sheriffs of the Department of Agrarian Reform (DAR) Regional Adjudicator. Of these 42 million shares, 3.37 million shares had been negotiated by another party; 37.23 million shares remained quarantined at the Philippine Depository and Trust Corporation (PDTC); and another 1.4 million shares that has not yet been lodged with PDTC. However, the execution sale which was the basis for the issuance of the Demand to Comply was null and void from the beginning because of the Supreme Court's Temporary Restraining Order (TRO) enjoining the sale and the Resolution quashing all acts done pursuant to the Adjudicator's Writ. On December 17, 2008, the DAR Adjudication Board so ordered and required:

1) For MERALCO to cancel the Stock Certificates issued in favor of another party;

2) To restore the ownership of the subject MERALCO shares of stock to the Land Bank of the Philippines and to record the same in the Stock and Transfer Book of MERALCO; and

3) For the Philippine Stock Exchange, Inc. (PSE), the Philippine Depository and Trust Corporation (PDTC), the Securities Transfer Services, Inc. (STS), the Philippine Dealing System Holdings, Corp. and Subsidiaries (PDS Group) and any stockholder, dealer or agent of subject MERALCO shares to forthwith STOP: trading or dealing those shares and/or affecting settlement thereof, inter alia, so as to undo the foregoing contravening acts.

The Parent's shares of stock in MERALCO are not part of the Agrarian Reform Fund (ARF), a fund which is solely answerable to the obligation of the National Government pursuant to its Agrarian Reform Program. In accordance with Section 63 of Republic Act 6657 (Comprehensive Agrarian Reform Law), assets of the bank cannot be used to pay for land acquisition as this shall only be sourced from the ARF.

On December 14, 2011, the Supreme Court ruled in favor of the Parent. According to the High Court, the Parent's liability under the Comprehensive Agrarian Reform Program (CARP) must be satisfied only from the ARF, it was also ruled that the levy of the Parent's Meralco shares was void and ineffectual. As such, the Parent is entitled to all dividends.

The Other party filed a Motion for Reconsideration and is also seeking a referral of the case to the Supreme Court, sitting En Banc. The Supreme Court has not required the Parent to file a Comment on the Petition, but the Parent commented and opposed the referral of the case to the entire Supreme Court, arguing that the decision of a Division of the Supreme Court is the decision of the entire court.

In a Resolution dated 25 June 2012, the Supreme Court denied with finality other party's Motion for Reconsideration, including the motion for referral to the Supreme Court En Banc and the motion seeking the inhibition of Justice Bersamin from the case.

The other party sought leave of court to file a Second Motion for Reconsideration and filed a Motion seeking a clarification of the ruling re. Justice Bersamin's inhibition from the case. The Supreme Court later issued a Resolution simply noting other party's motion.

As the Supreme Court had issued an *Entry for Judgement* involving the decision dated 14 December 2011, LBP immediately filed a "Motion for the Issuance of Writ of Execution" with the Regional Agrarian Reform Adjudicator (RARAD), Region IV-A.

The other parties filed several motions to further delay the implementation of the Supreme Court's final and executory Decision dated 14 December 2011. LBP countered these with several "Very Urgent Manifestations and Motions" debunking the other parties arguments and reiterated its main contention that the execution of the High Court's ruling in this case is completely ministerial in nature, which should be granted with utmost dispatch.

The Regional Adjudicator had already denied the dilatory motion such as "Motion to Intervene," "Motion to Inhibit" and "Motion to Dismiss."

The Regional Adjudicator after it had disposed of other party's dilatory motions, issued a "Writ of Execution" on 01 April 2013 several months after LBP filed the "Motion for the Issuance of Writ of Execution" because other party was accorded the procedural due process to which she was entitled.

MERALCO partially complied with the Sheriff's Demand to Comply dated 12 April 2013 when 38,635,950 shares of stock were restored in the name of LBP. The Securities Transfer Services, Inc. issued the corresponding stock certificates in the name of LBP on 25 June 2013.

There are still 3,364,050 shares of stock not yet restored in favor of LBP. Also, dividends due on the 42 million shares have not yet been paid and proceedings for the full implementation of the Supreme Court decision dated 14 December 2011 are still being conducted.

Accumulated market gains/losses on AFS government and private issues as of December 31, 2012 amounted to 24,317.35 million. Net unrealized gains/losses on AFS was P24,701.59 million.

The difference in the amount outstanding of the local currency accumulated market gains/losses and net unrealized gains/losses on AFS as of December 31, 2012 in the amount of P384.24 million, represents the remaining unamortized portion of the net unrealized gain or loss, that has been recognized directly in equity when the Available-for-sale securities has been reclassified to Held to maturity securities on various dates. The said amount shall be continuously amortized to profit or loss over the remaining life of the Held-to-maturity securities.

Total Investment in Non-Marketable Equity Securities (INMES) account of the Parent includes investment of US$143.15 million (P6,781.38 million) in Metro Rail Transit Corporation's (MRTC) preference shares and Unsecuritized Equity Rental Payments.

In 2008, the National Government, as confirmed through Executive Order No. 855 dated January 18, 2010, instructed LBP and the Development Bank of the Philippines (DBP) to acquire majority interest in MRTC as a result of the recommendation made by the inter-agency Committee tasked to review the MRT III project. In the same year, the LBP Board of Directors approved the purchase of MRTC interests in the form of unsecuritized portion of the Equity Rental Payment (ERP), MRT Bonds (See Notes to the Financial Statements No.13) and Preference Shares issued by MRT III Funding Corporation. LBP together with DBP completed its acquisition in May 2009, collectively owning around 80 per cent of MRTC interests. LBP owns approximately 37.77 per cent economic interest in MRTC.

The acquisition cost, book value and percentage of economic interest in MRTC are as follows:

	Acquisition Cost (In US Dollars) In Millions	Book Value (In US Dollars) In Millions	Percentage in MRT
• MRT III Bonds	174.08	235.01	
• MRT III Preferred Shares	54.00	54.00	
Securitized ERPs	228.08	289.01	26.65%
Unsecuritized ERPs	90.58	89.15	11.12%
	318.66	378.16	37.77%

The decrease in the investment in unsecuritized ERP was brought about by the refund of US$1.48 million (equally shared by the Bank and DBP) received from a third party in 2010. The refund represents cash that was already in the account of the third party, hence this did not affect LBP's percentage of economic interest in MRTC. Another refund of US$1.38 million was received by the Bank and DBP in early 2011 representing Accrued ERPs.

12. Held to Maturity Investments

This account consists of:

	Group		Parent	
	2012	2011	2012	2011
Government				
Domestic	35,753,568	35,904,211	35,478,173	35,404,129
Foreign	7,793,652	8,379,385	7,793,652	8,370,109
Private				
Foreign	-	46	-	-
	43,547,220	44,283,642	43,271,825	43,774,238

Held to maturity investments of the Group carry interest rates at December 31 as follows:

	2012			2011		
Domestic	2.08%	to	18.24%	5.75%	to	18.25%
Foreign	2.88%	to	14.90%	2.88%	to	14.90%

13. Loans and Receivables

This account consists of:

	Group		Parent	
	2012	2011	2012	2011
Interbank loans receivable	21,052,152	18,720,416	21,052,152	18,720,416
Allowance for credit losses	(336,197)	(323,188)	(336,197)	(323,188)
	20,715,955	18,397,228	20,715,955	18,397,228
Loans to Government	83,461,514	96,022,751	84,726,554	96,851,495
Allowance for credit losses	(23,638)	(128,489)	(23,638)	(128,489)
	83,437,876	95,894,262	84,702,916	96,723,006
Agrarian Reform and other Agriculture Loans	37,923,835	25,289,000	37,920,541	25,284,884
Allowance for credit losses	(890,419)	(264,270)	(890,419)	(264,270)
	37,033,416	25,024,730	37,030,122	25,020,614
Microfinance Loans	2,718,282	855,452	2,718,282	855,452
Allowance for credit losses	(201,005)	(240,595)	(201,005)	(240,595)
	2,517,277	614,857	2,517,277	614,857
SME/MSE Loans	19,719,571	20,884,363	19,719,571	20,884,363
Allowance for credit losses	(1,077,329)	(1,137,239)	(1,077,329)	(1,137,239)
	18,642,242	19,747,124	18,642,242	19,747,124
Contract to Sell	2,943,408	1,729,846	2,943,408	1,729,846
Allowance for credit losses	(38,234)	(14,976)	(38,234)	(14,976)
	2,905,174	1,714,870	2,905,174	1,714,870
Loans to Private Corporation	98,593,481	84,422,050	97,341,313	83,065,283
Allowance for credit losses	(1,579,172)	(4,647,920)	(1,395,313)	(4,491,591)
	97,014,309	79,774,130	95,946,000	78,573,692
Loans to Individuals for Housing Purposes	2,529,124	2,244,663	2,529,124	2,244,663
Allowance for credit losses	(56,437)	(68,192)	(56,437)	(68,192)
	2,472,687	2,176,471	2,472,687	2,176,471
Loans to Individual for Consumption	787,465	708,851	787,095	708,346
Allowance for credit losses	(50,520)	(35,662)	(50,520)	(35,662)
	736,945	673,189	736,575	672,684
Loans to Individual for Other Purposes	4,644,503	5,691,693	4,644,507	5,691,700
Allowance for credit losses	(145,792)	(144,277)	(145,792)	(144,277)
	4,498,711	5,547,416	4,498,715	5,547,423
	269,974,592	**249,564,277**	**270,167,663**	**249,187,969**
Accrued interest receivable	2,518,852	2,371,749	2,515,133	2,365,631
Allowance for credit losses	(241,166)	(172,190)	(241,157)	(172,137)
	2,277,686	2,199,559	2,273,976	2,193,494
Accounts receivable	1,284,807	1,267,244	1,260,439	1,224,998
Allowance for credit losses	(802,193)	(733,919)	(767,887)	(701,051)
	482,614	533,325	492,552	523,947

	Group		Parent	
	2012	**2011**	**2012**	**2011**
Sales contract receivable	1,478,005	1,587,826	1,477,233	1,586,492
Allowance for credit losses	(16,078)	(21,308)	(16,078)	(21,308)
	1,461,927	1,566,518	1,461,155	1,565,184
Due from ARF	126,468	162,147	126,468	162,147
Unquoted debt securities	18,956,400	23,201,175	18,956,400	23,201,175
Allowance for credit losses	(692,058)	(716,271)	(692,058)	(716,271)
	18,264,342	22,484,904	18,264,342	22,484,904
Lease contract receivable	1,744,821	1,455,992	-	-
Allowance for credit losses	(26,259)	(6,438)	-	-
	1,718,562	1,449,554	-	-
	294,306,191	**277,960,284**	**292,786,156**	**276,117,645**

Interest rates on loans in 2012 range from .86 per cent to 39.00 per cent for peso denominated loans and from 3.50 per cent to 30.00 per cent for foreign currency denominated loans.

Unquoted debt securities of the Parent classified as loans consist of government and private securities amounting to P6,254.81 million and P12,009.53 million, respectively, as of December 31, 2012 and P8,999.25 million and P13,485.65 million, respectively, as of December 31, 2011. The account includes Metro Rail Transit Corporation's (MRTC) Bonds with face value of $1.54 million (P63.22 million) and a book value of $1.34 million (P55.11 million) acquired in 2003 through dation in partial payment of loan principal and interest amounting to P445.94 million. Also included in the total amount are MRTC Bonds with book value of $235.01 million (P9,647.35 million) which form part of LBP's interests in the said company purchased in accordance with the approval of the Bank's Board of Directors in November 2008 and broken down as follows:

	Face Value	Book Value	
	USD	USD	PHP
FX Regular	308.91	139.87	5,741.74
FCDU	171.20	95.14	3,905.61
	480.11	235.01	9,647.35

Covered by Memorandum of Agreement (MOA) signed on August 22, 1988 between LBP and Bangko Sentral ng Pilipinas, the unpaid obligations of rural banks to BSP were converted into LBP equity contribution to said rural banks. Accordingly, these became non-interest bearing obligations of LBP with BSP and all expenses or losses, if any, which LBP may suffer under the conversion scheme, shall be for the account of BSP.

Outstanding equity investments on closed rural banks and its corresponding borrowings account from BSP have been excluded from Unquoted Debt Securities Classified as Loans account and from the Bills Payable account, respectively, provided that these accounts have already been written-off by BSP.

In 2004, the Parent successfully completed the competitive auction of two pools of non–performing assets (NPAs) under the Special Purpose Vehicle Act of 2002 or RA 9182. Loss on the sale of NPAs was booked as Deferred Charges to be written down/amortized over the next ten (10) years in accordance with BSP Memoranda dated February 16, 2004 and December 2, 2005, as amended.

Under PFRS/PAS 39, had this loss been booked/charged in the period of sale, the impact would be a reduction of P2.05 billion from the 2005 surplus account of P14.376 billion after considering the valuation reserve on assets sold.

On August 31, 2012, the total unamortized Deferred Charges amounting to P3,443.73 million was written down against the Retained Earnings-Free account. This was approved by the Board of Directors on August 28, 2012 per Board Resolution No. 12-607. This one time cleaning of deferred charges is in accordance with BSP Memorandum No. M-2012-036 dated July 24, 2012 allowing banks which booked their losses from sale/transfer of non-performimg assets to SPV as "deferred charges" to accelerate in full the remaining unamortized losses to be charged directly to retained earnings instead of Profit or Loss, subject to the condition that this shall be recognized and booked as transaction for the year 2012 or for fiscal year 2013.

Allowance for credit losses

The details of allowance for credit losses on loans of the Parent are:

	2012	**2011**
Balance, January 1	6,848,479	8,180,284
Write-offs	(268,898)	
Transfers and other adjustments	(2,364,697)	(1,331,805)
Balance, December 31	4,214,884	6,848,479

As of December 31, 2012 and 2011, the breakdown of Gross Loans as to secured and unsecured follows:

	Parent			
	2012		2011	
	Amount	%	Amount	%
Secured loans:				
Guarantee of the Republic of the Philippines	60,355,232	22.00	59,694,291	23.32
Various guarantees	89,785,085	32.72	73,436,190	28.68
Various mortgages	60,928,932	22.21	56,207,680	21.95
	211,069,249	76.93	189,338,161	73.95
Unsecured loans	63,313,298	23.07	66,698,287	26.05
Gross loan at amortized cost	274,382,547	100.00	256,036,448	100.00

Current banking regulations allow banks with no unbooked valuation reserves and capital adjustments to exclude from non-performing loan (NPL) classification those receivables from customers classified as loss in the latest examination of the BSP which are fully covered by allowance for credit losses, provided that interest on said receivables shall not be accrued.

As of December 31, 2012 and 2011, NPLs not fully covered by allowance for credit losses are as follows:

	Parent	
	2012	2011
Total NPLs	8,119,105	7,358,120
NPLs fully covered by allowance for probable losses	(962,041)	(969,369)
Net NPLs	7,157,064	6,388,751

Under banking regulations, NPLs shall, as a general rule, refer to loan accounts whose principal and/or interest is unpaid for thirty (30) days or more after due date or after they have become past due in accordance with existing rules and regulations. This shall apply to loans payable in lump sum and loans payable in quarterly, semi-annual, or annual installments, in which case, the total outstanding balance thereof shall be considered non-performing. Restructured loans which do not meet the requirements to be treated as performing loans are also part of the Parent's non-performing loans.

14. Investment in Subsidiaries

This account consists of the following investments in subsidiaries which are 100 per cent owned by the Parent and are accounted for at cost:

Name	Amount
LBP Leasing Corporation	310,253
LBP Insurance Brokerage, Inc.	52,500
LB (LANDBANK) Realty Development Corporation	51,467
Masaganang Sakahan, Inc.	24,555
LBP Financial Services, Italy	47,051
	485,826

On 10 January 2011, the LBP Board of Directors under Board Resolution No. 11-029 approved the voluntary closure of LBP Remittance Company, USA (LRC) and LBP Financial Services, SpA, Italy (LFSS). The full repatriation of LRC funds from Wilshire Bank through Wells Fargo Bank was made on 17 October 2012 while the LFSS is still on the process of negotiating with the Posteitaliane for the repatriation of the remaining funds to LANDBANK.

15. Investment Property

This account consists of:

	Group					
	2012			2011		
	Land	Building	Total	Land	Building	Total
At Cost						
At January 1	6,093,723	2,517,587	8,611,310	7,028,899	2,534,310	9,563,209
Disposals	(159,181)	33,571	(125,610)	(935,176)	(16,723)	(951,899)
Reclassification	(14,708)	(2,658)	(17,366)	-	-	-
At December 31	5,919,834	2,548,500	8,468,334	6,093,723	2,517,587	8,611,310

	Group					
	2012			2011		
	Land	Building	Total	Land	Building	Total
Accumulated depreciation and impairment						
At January 1	690,923	844,489	1,535,412	677,130	867,684	1,544,814
Depreciation	-	88,594	88,594	-	89,245	89,245
Transfers/Adjustment	-	61,453	61,453	-	(121,574)	(121,574)
Reclassification	(2,392)	(1,407)	(3,799)	-	-	-
Impairment	(87,164)	12,229	(74,935)	13,793	9,134	22,927
At December 31	601,367	1,005,358	1,606,725	690,923	844,489	1,535,412
Net book value	5,318,467	1,543,142	6,861,609	5,402,800	1,673,098	7,075,898

	Parent					
	2012			2011		
	Land	Building	Total	Land	Building	Total
At Cost						
At January 1	6,008,365	2,466,958	8,475,323	6,940,935	2,487,802	9,428,737
Disposals	(164,557)	359	(164,198)	(932,570)	(20,844)	(953,414)
At December 31	5,843,808	2,467,317	8,311,125	6,008,365	2,466,958	8,475,323
Accumulated depreciation and impairment						
At January 1	688,531	810,774	1,499,305	675,899	835,764	1,511,663
Depreciation	-	86,391	86,391	-	87,443	87,443
Transfers/Adjustment	-	61,454	61,454	-	(121,567)	(121,567)
Impairment	(90,226)	12,229	(77,997)	12,632	9,134	21,766
At December 31	598,305	970,848	1,569,153	688,531	810,774	1,499,305
Net book value	5,245,503	1,496,469	6,741,972	5,319,834	1,656,184	6,976,018

Depreciation and amortization of the Group amounting to P88,594 and P89,245 and of the Parent amounting to P86,391 and P87,443 in 2012 and 2011, respectively, are included in depreciation and amortization expense in the statement of comprehensive income.

Investment properties acquired through foreclosure as of December 31, 2012 which are still within the redemption period by the borrowers and with on-going court case amounted to P502,052 and P981,423, respectively. Properties amounting to P26,448 are agricultural lands covered by the government's agrarian reform program. As of December 31, 2012 and 2011, the aggregate market value of the investment properties amounted to P9,199,142 and P9,477,425, respectively, for the Group and P9,067,151 and P9,337,091, respectively, for the Parent. Fair value has been determined based on valuations made by independent and/or in-house appraisers. Valuations were derived on the basis of recent sales of similar properties in the same area as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made.

16. Property and Equipment

This account consists of:

	Group									
	Land	Building Under Construction	Buildings	Leasehold Rights and Improvements	Transportation and Equipment	Furniture and Office Equipment	Transportation Equipment Under Lease	Others	Total 2012	Total 2011
At Cost										
At January 1	489,670	31,335	4,108,925	344,101	92,668	4,680,305	331,721	61,831	10,140,556	9,774,161
Additions	2,713	184,205	122,952	54,157	2,734	453,043	2,985	13,089	835,878	603,284
Disposals	(400)	(1,678)	(13,366)	(2,876)	(4,988)	(175,645)	-	(2,110)	(201,063)	(223,584)
Transfers	-	(150,058)	18,735	(3,540)	(44)	(34,133)	-	-	(169,040)	(13,305)
At December 31	491,983	63,804	4,237,246	391,842	90,370	4,923,570	334,706	72,810	10,606,331	10,140,556
Accumulated Depreciation, Amortization & Impairment loss										
At January 1	-	-	1,609,825	121,981	84,308	3,434,369	184,146	55,823	5,490,452	5,054,859
Depreciation & amortization	-	-	127,308	19,529	4,358	341,218	37,711	1,285	531,409	574,495
Impairment	-	-	-	-	-	-	-	-	-	(63)
Disposals	-	-	(38)	(1,729)	(9,622)	(176,712)	-	-	(188,101)	(176,430)
Transfers/Adjustments	-	-	(26,754)	33,651	(183)	(7,217)	-	-	(503)	37,590
At December 31	-	-	1,710,341	173,432	78,861	3,591,658	221,857	57,108	5,833,257	5,490,451
Allow for Losses	-	-	5,510	37	45	3,714	-	2,285	11,591	11,041
Net book value	491,983	63,804	2,521,395	218,373	11,464	1,328,198	112,849	13,417	4,761,483	4,639,064

	Parent									
	Land	Building Under Construction	Buildings	Leasehold Rights and Improvements	Transportation and Equipment	Furniture and Office Equipment	Transportation Equipment Under Lease	Others	Total 2012	Total 2011
At Cost										
At January 1	489,670	31,335	4,028,654	341,152	82,659	4,649,524	279,554	58,881	9,961,429	9,596,839
Additions	2,713	184,205	122,952	54,017	616	450,132	2,985	5,636	823,256	597,175
Disposals	(400)	(1,678)	(13,177)	(2,876)	(4,988)	(174,202)	-	(2,110)	(199,431)	(220,365)
Transfers	-	(150,058)	18,735	(591)	(44)	(31,568)	-	-	(163,526)	(12,220)
At December 31	491,983	63,804	4,157,164	391,702	78,243	4,893,886	282,539	62,407	10,421,728	9,961,429
Accumulated Depreciation & Amortization										
At January 1	-	-	1,585,920	121,981	77,579	3,408,516	140,116	55,015	5,389,127	4,964,526
Depreciation & amortization	-	-	124,285	19,529	3,357	339,552	36,634	147	523,504	562,353
Disposals	-	-	-	(1,729)	(9,622)	(175,399)	-	-	(186,750)	(175,378)
Transfers/Adjustments	-	-	(26,754)	33,651	(183)	(2,943)	-	-	(3,771)	37,626
At December 31	-	-	1,683,451	173,432	71,131	3,569,726	176,750	55,162	5,729,652	5,389,127
Allow for Losses	-	-	5,510	37	45	3,714	-	2,285	11,591	11,041
Net book value	491,983	63,804	2,468,203	218,233	7,067	1,320,446	105,789	4,960	4,680,485	4,561,261

Depreciation and amortization of the Group amounting to P531,409 and P574,495 and of the Parent amounting to P523,504 and P562,353 in 2012 and 2011, respectively, are included in depreciation and amortization expense in the statement of comprehensive income.

Office equipment, furniture and vehicles with carrying amount of P166,421 and P130,677 in 2012 and 2011, respectively, are temporarily idle. The carrying amounts of properties which are held for disposal are P31,357 and P20,739 in 2012 and 2011, respectively.

17. Other Resources

This account consists of:

	Group		Parent	
	2012	2011	2012	2011
Deferred charges	-	3,678,530	-	3,678,530
Accrued interest receivable	2,803,854	2,566,460	2,803,854	2,566,434
Sundry debits	820,169	651,344	820,169	651,344
Prepaid expenses	346,876	453,548	362,804	489,477
Other intangible assets	279,066	293,885	277,111	293,751
Documentary stamps	85,536	81,576	85,536	81,576
Stationery & supplies on hand	103,584	91,611	102,472	90,313
Accounts receivable	121,281	123,323	114,994	114,549
Inter-office float items	7,117	12,824	7,117	12,824
Others	1,421,901	409,292	1,356,112	366,444
	5,989,384	8,362,393	5,930,169	8,345,242

18. Allowance for Credit Losses

Changes in the allowance for credit losses of the Parent are as follows:

	2012	2011
Balance at beginning of year:		
Loan portfolio	6,848,479	8,180,284
Other assets	3,986,833	3,921,580
	10,835,312	12,101,864
Provisions charged to operations	364,941	178,376
Accounts charged off and others	(294,960)	-
Transfer/adjustments	(2,817,185)	(1,444,928)
	(2,747,204)	(1,266,552)
Balance December 31	8,088,108	10,835,312
Balance at end of year:		
Loan portfolio	4,214,884	6,848,479
Receivables from customers and other assets	3,873,224	3,986,833
	8,088,108	10,835,312

With the foregoing level of allowance for credit losses, Management believes that the Parent has sufficient allowance to cover any losses that the Parent may incur from the non-collection or non-realization of its loans and receivables and other risk assets.

The account includes provision for credit losses/impairment losses of P364,941 for the year detailed as follows:

	Parent
Loans and receivables	322,850
ROPA	12,890
PPE	1,900
Other resources	27,301
	364,941

19. Deposit Liabilities

This account consists of:

	Group		Parent	
	2012	**2011**	**2012**	**2011**
Domestic				
Demand deposits	244,420,867	211,185,463	244,538,483	211,224,162
Savings deposits	258,570,832	261,460,835	258,592,482	261,612,485
Time certificate of deposits	1,513,053	1,654,557	1,513,053	1,654,557
Long Term Negotiable Certificate of Deposits	588,292	549,189	588,292	549,189
	505,093,044	474,850,044	505,232,310	475,040,393
Foreign				
Demand deposit-FCDU/EFCDU	-	201	-	201
Savings deposit –FCDU/EFCDU	8,718,573	8,646,225	8,724,584	8,656,053
Time certificate of deposit-FCDU/EFCDU	29,892,112	23,761,328	29,892,112	23,761,328
	38,610,685	32,407,754	38,616,696	32,417,582
	543,703,729	507,257,798	543,849,006	507,457,975

Domestic deposit liabilities earn annual fixed interest rates ranging from 0.38 to 4.00 per cent in 2012 and 0.20 to 4.75 per cent in 2011. Foreign deposit rates range from 0.15 to 3.70 per cent and from 0.05 to 5.19 per cent in 2012 and 2011, respectively.

20. Bills Payable

This account consists of:

	Group		Parent	
	2012	**2011**	**2012**	**2011**
Bangko Sentral ng Pilipinas	104,839	166,539	104,839	166,539
Domestic borrowings	965,925	1,860,684	665,925	1,115,184
Foreign borrowings	26,052,836	32,112,692	26,052,836	32,112,692
	27,123,600	34,139,915	26,823,600	33,394,415

The breakdown of Bills payable (foreign borrowings) is as follows:

Creditor/Funder	2012	2011
World Bank/IBRD	9,114,846	11,002,818
Asian Development Bank (ADB)	956,799	1,674,647
Japan International Cooperation Agency (JICA)	14,449,084	17,385,582
Kreditanstalt fur Wiederaufbau (KfW)	1,532,107	1,786,605
Mizuho Corporate Bank-Philippines	-	263,040
	26,052,836	32,112,692

The total foreign borrowings of P26,052.84 million is guaranteed by the National Government. Foreign borrowings relent in local currency amounting to P20,745.63 million are provided with foreign exchange risk cover (FXRC) by the National Government. This has historical value of P19,659.80 million. The Bank's foreign borrowings from multilateral and bilateral agencies have maturities ranging from 15 to 40 years.

Interest rates on foreign and domestic borrowings in 2012 range from 0.69 to 2.7 per cent and 0.75 to 9.83 per cent, respectively, while for 2011, the rates range from 0.01 to 4.39 per cent and 0.75 to 9.83 per cent, for foreign and domestic borrowings, respectively.

21. Unsecured Subordinated Debt

This account consists of:

	Issue Date	Maturity Date	2012	2011
Domestic	June 09, 2009	June 09, 2019	6,934,000	6,934,000
	January 27, 2012	January 27, 2022	10,500,000	-
			17,434,000	6,934,000

22. Other Liabilities

This account consists of:

	Group		Parent	
	2012	2011	2012	2011
Accrued interest, fringe benefits, taxes and other expense payable	3,603,134	4,130,040	3,523,704	4,065,149
Accounts payable	4,467,840	3,735,625	4,509,959	3,762,168
Due to Agrarian Reform Fund	3,171,595	2,956,136	3,171,595	2,956,136
Sundry credits	229,174	27,926	229,174	27,926
Unearned income	79,606	107,293	79,743	106,229
Withholding tax payable	188,749	222,135	187,321	220,040
Miscellaneous liabilities	3,027,387	4,503,683	3,091,128	4,526,598
Others	1,503,981	675,728	1,291,992	597,111
	16,271,466	16,358,566	16,084,616	16,261,357

23. Income and Other Taxes

Under Philippine tax laws, the Regular Banking Unit of the Parent is subject to percentage and other taxes (presented as Taxes and Licenses in the statement of income and expenses) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax and documentary stamp taxes. Income taxes include the corporate income tax and final withholding tax on gross interest income from government securities, deposits and other deposit substitutes. These income taxes and deferred tax benefits are presented in the statement of comprehensive income as either Provision for or (Benefit from) Income Tax.

Based on Republic Act 9337, which was passed into law in May 2005 and amended certain provisions of the National Internal Revenue Code of 1997, the normal corporate income tax rate is 30 per cent effective January 1, 2009. The interest allowed as deductible expense is reduced by an amount equivalent to 33 per cent of the interest income subjected to final tax.

FCDU offshore income (income from non-residents) derived by depository banks under the expanded foreign currency deposit system is exempt from income tax while gross onshore income (income from residents) from other FCDUs and other depository banks under the Expanded Foreign Currency Deposit System, including interest income from foreign currency loans, is subject to 10 per cent final tax. Interest income derived by resident individual or corporation on deposits with other FCDUs and Offshore Banking Units (OBU) are subject to 7.5 per cent final tax.

The provision for/(benefit from) income tax consists of:

	Group		Parent	
	2012	2011	2012	2011
Current:				
Normal income tax (NIT)	1,351,220	72,642	1,271,157	-
Minimum corporate income tax (MCIT)	-	200,000	-	200,000
	1,351,220	272,642	1,271,157	200,000
Deferred	(477,329)	(17,831)	(464,691)	-
	873,891	254,811	806,466	200,000

The reconciliation of the provision for income tax computed at the statutory tax rate and actual provision is as follows:

	Group		Parent	
	2012	2011	2012	2011
Statutory income tax	3,551,884	2,847,151	3,459,355	2,765,409
Tax effects of:				
FCDU income	(527,345)	(564,012)	(527,345)	(564,012)
Tax exempt & tax paid income	(3,002,167)	(3,339,815)	(3,001,132)	(3,337,120)
Other deductible/Non-deductible expense	230,928	368,963	230,928	368,601
Non-deductible interest expense	1,166,950	1,177,175	1,166,950	1,177,175
Deferred tax asset	(477,329)	(222,031)	(464,691)	(222,031)
Others	(69,030)	(12,620)	(57,599)	11,978
	873,891	254,811	806,466	200,000

Deferred tax assets of P571,630 million was recognized by the Parent for 2012 for the prior years' excess MCIT over NIT. Current tax regulations allow for MCIT payments in excess of the NIT to be used as tax credits against NIT payable over a three-year period from the year of inception. Subsidiaries recognized deferred tax assets of P66,151 million and P53,512 million for CY 2012 and CY 2011, respectively. Details of the excess MCIT over NIT of the Parent are as follows:

Year incurred	Amount	Expired	Balance	Expiry date
2009	186,179	-	186,179	December 31, 2012
2010	197,429	-	197,429	December 31, 2013
2011	188,022	-	188,022	December 31, 2014
	571,630	-	571,630	

Below are the temporary differences for which no deferred tax asset is recognized by the Parent since Management believes that it is not probable that future taxable profits will be available against which the asset can be utilized:

	2012	2011
Allowance for credit losses	13,023,828	12,950,269
MCIT	-	188,022
	13,023,828	13,138,291

Report on the Supplementary Information Required Under Revenue Regulations (RR) No. 19-2011 and 15-2010

Supplementary information Under RR No. 19-2011

In addition to the required supplementary information under RR No. 15-2010, on December 9, 2011, the BIR issued RR No. 19-2011 which prescribes the new annual income tax forms that will be used for filing effective taxable year 2011. Specifically, companies are required to disclose certain tax information in their respective notes to financial statements. For the taxable year December 31, 2012, the Parent Company reported the following revenues and expenses for income tax purposes:

Revenues	
Services/operations	15,831,386
Non-operating and taxable other income:	
Trading and securities gain	5,763,036
Service charges, fees and commissions	809,088
Profit from assets sold	287,557
Income from trust operations	151,105
Others	707,893
	7,718,679

Expenses	
Cost of services:	
Compensation and fringe benefits	5,233,579
Others	6,077,950
	11,311,529

Itemized deductions:

Compensation and fringe benefits	1,478,408
Taxes and licenses	1,856,596
Security, messengerial and janitorial	426,047
Communications, light and water	366,538
Information technology expenses	331,434
Depreciation	322,250
Bad debts	301,863
Repairs and maintenance	139,743
Transportation and travel	122,685
Management and professional fees	91,410
Rent	62,640
Representation and entertainment	56,402
Others	1,782,287
	7,338,303

Supplementary information Under RR No. 15-2010

On November 25, 2010, the BIR issued RR No. 15-2010 to amend certain provisions of RR No. 21-2002 which provides that starting 2010 the notes to financial statements shall include information on taxes, duties and license fees paid or accrued during the taxable year.

I. The documentary stamp tax (DST) on loan instruments and other transactions subject thereto for the tax period 2012 are as follows:

Documents / transactions	**DST PAID**
Debt instruments, bonds, certificate of time deposits	1,313,191
Mortgages, pledges, deed of assignments/trust	39,690
Foreign bills of exchange, letters of credit	43,675
Acceptance of bills of exchange payable in the Philippines	11,570
Bank, checks, drafts and telegraphic transfer/others	556
Total DST Paid	1,408,682

II. All other taxes, local and national, paid for 2012:

National	
Percentage taxes (GRT)	1,756,248
Fringe benefits tax	6,200
National taxes	395
	1,762,843
Local	
Real estate tax	38,410
Local business tax	23,320
Mayor's Permit/Municipal License/Other Regulatory Fees/License Permit	49,187
Other local taxes	7,322
	118,239
Total	1,881,082

III. The amount of withholding taxes paid/accrued for the year amounted to:

Tax on Compensation and benefits	760,890
Creditable withholding taxes	120,133
Final withholding taxes	1,086,232
Total	1,967,255

IV. Taxes withheld by client on their income payments to the Bank were claimed as tax credits:

Tax Credits against Income Tax	228,424
Tax Credits against Gross Receipts Tax	45,968
Total	274,392

24. Retirement Cost

The Parent has separate funded contributory defined contribution retirement plans covering all its officers and regular employees. Under the retirement plans, all concerned officers and employees are entitled to cash benefit after satisfying certain age and service requirements. Total expenses charged against operations in 2012 and 2011 amounted to P546,833 million and P454,500 million, respectively.

25. Lease Contracts

Operating lease commitments – as lessee

Future minimum rentals payable under non-cancellable operating leases as at December 31 are as follows:

	Parent	
	2012	2011
Within one year	306,128	505,615
After one year but not more than five years	720,450	707,072
More than five years	230,607	215,461
	1,257,185	1,428,148

Operating lease commitments – as lessor

Future minimum rentals receivable under non-cancellable operating leases as at December 31 are as follows:

	Parent	
	2012	2011
Within one year	40,241	43,159
After one year but not more than five years	18,157	24,241
	58,398	67,400

26. Related Party Transactions

In the ordinary course of business, the Parent has loan transactions with certain directors, officers, stockholders and related interests (DOSRI). Existing banking regulations limit the amount of individual loans to DOSRI, 70 per cent of which must be secured by their respective deposits and book value of their respective investments in the Parent. In the aggregate, loans to DOSRI generally should not exceed the respective total unimpaired capital or 15 per cent of total loan portfolio, whichever is lower, of the Parent.

BSP Circular 547 dated September 21, 2006 prescribed the DOSRI rules for government borrowings in government-owned or controlled banks. Said circular considered as indirect borrowings of the Republic of the Philippines (ROP), loans, other credit accommodations and guarantees to: (a) Government-Owned and Controlled Corporations (GOCCs); and (b) Corporations where the ROP, its agencies/ departments/ bureaus, and/or GOCCs own at least 20 per cent of the subscribed capital stocks.

Total outstanding DOSRI loans of the Parent as of December 31, 2012 amounted to P65,746 million of which P61,926 million are government borrowings covered by BSP Circular 547.

The following are the significant transactions of the Parent with related parties:

	2012				2011			
	Key Management Personnel	Subsidiaries	Other (GOCCs, Provident Fund and Rural Banks)	Total	Key Management Personnel	Subsidiaries	Other (GOCCs, Provident Fund and Rural Banks)	Total
Receivables from customers	13,292	1,370,681	65,732,439	67,116,412	11,432	918,680	70,888,957	71,819,069
Deposit liabilities	-	145,277	-	145,277	-	200,177	-	200,177
Other liabilities	-	314,909	-	314,909	-	271,729	-	271,729
	13,292	1,830,867	65,732,439	67,576,598	11,432	1,390,586	70,888,957	72,290,975

The following are the significant transactions with subsidiaries:

	2012	2011
Sales/(Purchases)	(16,129)	(4,993)
Interest income	68,441	50,646
Interest expense	(140,356)	(140,436)
Lease expense	(48,572)	(49,799)
Other income	1,789	2,107
Other expenses	(186,464)	(122,641)
	(321,291)	(265,116)

Transactions with other related parties:

Compensation of key management personnel:

	Group		Parent	
	2012	2011	2012	2011
Short-term employee benefits	111,957	113,775	97,069	101,130
Post-employment benefits	30,825	31,812	27,103	28,713
Other long-term benefits	33,642	35,753	33,642	35,753
Total	176,424	181,340	157,814	165,596

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made at normal market prices and settlement is made in cash. There have been no guarantees provided or received for any related party receivables or payables. For the years ended December 31, 2012 and 2011, the Group has not made any provision for doubtful accounts relating to amounts owed by related parties. This assessment is undertaken each financial year through examination of the financial position of the related party and the market in which the related party operates.

27. Trust Operations

The Parent is authorized under its Charter to offer trust services and administer trust funds through its Trust Banking Group. The Parent accepts funds entrusted by clients and undertakes as trustee to invest such funds in acceptable securities or other investment outlets. Trust funds or assets under Management of the Parent under its trust operations amounted to P90,174,388 and P66,525,827 as at December 31, 2012 and 2011, respectively.

Summary of Assets under Management is as follows:

	2012	2011
Special Purpose Trust	5,458,265	6,937,449
Other Fiduciary Accounts	9,921,083	11,468,917
Agency	52,626,718	34,181,870
Trust	22,168,322	13,937,591
	90,174,388	66,525,827

In compliance with the requirements of the General Banking Law, government securities with total face value of P1,015,000 in 2012 and P738,000 in 2011 are deposited with BSP as security for the Parent's faithful performance of its fiduciary obligation.

28. Derivative Financial Instruments

Derivative instruments – fair values are estimated based on quoted market prices, prices provided by independent parties or values determined using accepted valuation models with observable inputs.

Freestanding Derivatives

Currency Forwards

As of December 31, 2012, the outstanding notional amount of the currency sell forward/swap agreements with maturity of less than six months amounted to P15,563.93 million with market value of P15,529.12 million.

Foreign Exchange (FX) Risk Cover

The foreign exchange risk cover on foreign borrowings is a derivative financial instrument per BSP Monetary Board Resolution No. 1063 dated August 14, 2008 and its fair value changes are reported in the income statement. As of December 31, 2012, the outstanding notional amount of the FX risk cover amounted to US$16.66 million and JPY17,012.00 million.

Embedded Derivatives

Embedded Credit Derivatives

This includes credit default swaps embedded in host debt instruments and with credit linkages to reference entities. As of December 31, 2012, the Parent has no such outstanding credit derivatives.

Embedded Optionalities in Debt Investments

This includes call, put, extension, and conversion options in debt securities and loan receivables. The embedded call, put and extension options are deemed to be closely related to their host contracts, while the put option embedded in a debt investment is not deemed to be significant.

Embedded Currency Derivatives

The Group has currency derivatives embedded in host non-financial contracts such as lease agreements and purchase orders. As of December 31, 2012, these currency derivatives are not deemed to be significant.

29. Commitments and Contingent Liabilities

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities which are not presented in the financial statements. The Group does not anticipate material losses from these commitments and contingent liabilities.

The Group is contingently liable for lawsuits or claims filed by third parties which are either pending decision by the courts or under negotiation, the outcome of which is not presently determinable. In the opinion of Management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material effect on the Group's financial statements.

The following is a summary of various commitments and contingencies at their equivalent peso revalued amounts arising from off-balance sheet items which the Parent has contracted:

	Parent	
	2012	**2011**
Trust Department accounts	90,174,388	66,525,827
Commitments	33,455,852	19,647,360
Standby/commercial letters of credit	7,414,952	4,900,134
Derivatives	13,100,414	404,053
Outstanding guarantees	753,583	1,569,604
Spot exchange contracts	985,200	964,480
Late deposits received	515,083	561,868
Outward bills for collection	53,211	60,096
Others	909,076	3,186,092
	147,361,759	97,819,514

30. Financial Performance

The following basic ratios measure the financial performance of the Parent:

	2012	**2011**
Net interest margin ratio	3.52%	4.22%
Return on average assets	1.61%	1.47%
Return on average equity	13.60%	13.80%

31. Capital Funds

The Parent complies with the provision of RA 7656 on dividend declaration to the National Government (NG) and with the loan and guarantee agreements between the World Bank, the Parent and the Department of Finance (DOF). On May 14, 2013, the Parent remitted P6.0 billion cash dividend to the NG based on its CY2012 net income.

Capital Management

The overall capital management objective of the Group is to create a more efficient capital structure while ensuring compliance with externally imposed capital requirements.

The Group manages its capital by maintaining strong credit ratings and healthy capital ratios to support its business and sustain its mandate. Adjustments to the Group's capital structure are made in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

Regulatory Qualifying Capital

Under existing BSP regulations, the Parent's compliance with regulatory requirements and ratios is determined based on the amount of the Parent's unimpaired capital (regulatory net worth) as reported to the BSP.

In addition, the risk-based capital ratio of a bank, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10 per cent for both stand-alone basis (head office and branches) and consolidated basis (Parent and subsidiaries engaged in financial allied undertakings but excluding insurance companies). Qualifying capital and risk-weighted assets are computed based on BSP regulations. Risk-weighted assets consist of total assets less cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items determined by the Monetary Board (MB) of the BSP.

BSP Circular No. 360, effective July 1, 2003, issued guidelines that required a market risk charge when computing the capital-to-risk assets ratio (CAR). On August 4, 2006, BSP Circular No. 538 was issued prescribing the implementing guidelines for the revised risk-based capital adequacy framework for the Philippine banking system to conform with Basel II recommendations. The new BSP guidelines implemented effective July 1, 2007 included capital charges for operational risk using the basic indicator or standardized approach.

	(Amounts in Millions)			
	Group		Parent	
	2012	2011	2012	2011
Tier 1 Capital	47,363	41,597	47,426	41,645
Tier 2 Capital	24,850	13,604	24,837	13,589
Gross Qualifying Capital	72,213	55,201	72,263	55,234
Less: Required Deductions	1,222	1,146	2,445	2,309
Total Qualifying Capital	70,991	54,055	69,818	52,925
Risk Weighted Assets	346,792	324,056	344,872	321,371
Adjusted Tier 1 Capital ratio	13.48%	12.66%	13.40%	12.60%
Total Capital ratio (CAR)	20.47%	16.68%	20.25%	16.47%

The regulatory qualifying capital of the Parent consists of Tier 1 (core) capital, which comprises paid-up common stock, retained earnings current year profit less required deductions such as unsecured credit accomodations to DOSRI and deferred income tax. The other component of regulatory capital is Tier 2 (supplementary) capital, which includes unsecured subordinated debt, general loan loss provision and 45 per cent of net unrealized gain on available for sale equity securities purchased.

The Qualifying Capital of the Group and Parent was increased as of December 31, 2012 due to issuance of the P10.5 billion LT II unsecured subordinated notes last January 27, 2012. Increase in the Group's and Parent's risk-weighted assets as of December 31, 2012 was due to the expanded loan portfolio and off book items.

LBP Group has fully complied with the CAR requirement of the BSP.

32. Financial Risk Management

RISK MANAGEMENT ORGANIZATION

The LBP Group is involved in various banking activities that expose it to various risks which under the regular course of business require the Bank to effectively measure and analyze, monitor and control identified risks. This includes credit risk, market risk (price risk, interest rate risk and foreign exchange risk) and liquidity risk. The Bank manages all risks in accordance with set principles, properly aligned organizational structure, defined duties and responsibilities, established policies and procedures as well as appropriate measurement, monitoring and control processes.

The following key principles support the Bank's approach to risk management:

- The Board of Directors exercises oversight on all risk-related functions and activities of the Bank based on a top-down structure.

- The Board risk management oversight function is rendered through various committees like the Risk Management Committee (RiskCom), the Audit Committee (AC), the Asset and Liability Committee (ALCO) and the Investment and Loan Committee (ILC). In general, the RiskCom serves as the overseer for managing the Bank's credit, market, liquidity, operational and other bank-wide risks in a coordinated manner within the organization. Specifically, it approves policies and evaluates effectiveness of the Bank's risk management framework.

- The Risk Management Group (RMG) is independent from risk taking units and performs the oversight function for all major risk areas (credit, market and liquidity, operational and other bank-wide risks). It oversees risk management implementation, monitoring and control.

- Under RMG, which is headed by the Chief Risk Officer, are three departments created to handle specific risk areas as follows: Credit Policy and Risk Management Department (CPRMD), Treasury Risk Management Department (TRMD), and Business Risk Management Department (BRMD) for operations risk, including system, legal, technology and other risk.

- Enterprise Risk Management (ERM) complements the Bank's silo risk management approach and reinforces risk analysis as it cross-functionally examines interdependencies and dissects its sources.

RISK CATEGORIES

As the Bank recognizes all risks inherent to its mandate and its various business activities, it embarked on an Enterprise-wide Risk Management (ERM) Project to capture all risk events categorized under BSP Circular No. 510 (Guidelines on Supervision by Risk): credit risks, market risks, compliance risks, liquidity risks, interest rate risks, operations risks, reputation risks and strategic risks. The 52 risks that comprise the Bank's Risk Universe and falling under the above eight categories are defined, customized and given substance in the LANDBANK Risk Dictionary developed under the ERM initiative.

Through the Risk Self-Assessment (RSA) process under the ERM, senior management prioritized critical risks in terms of inherent impact and effectiveness of risk management activities. This resulted in the prioritization of 26 critical risks. From these 26 critical risks the top five risks of the Bank were selected in, as follows:

- **Market Risk** is the failure to anticipate and manage fluctuations in the values of the Bank's investments and could lead to economic losses.

- **Counterparty Credit Risk-Loans** is the inability to review and analyze the credit quality of potential/existing borrowers to serve as basis for loan approval (at application) and to determine the probability of default (on an ongoing basis), could lead to economic losses.

- **IT Management Risk** is the failure to effectively prioritize IT initiatives and administer IT resources, may lead to lost business and hinder the achievement of the Bank's goals and objectives.

- **People Risks:**

    - **People Development and Performance Risk** is the inability to develop and enhance employee skills and provide a sound employee performance management system, may reduce employee motivation and may adversely impact the achievement of desired performance and conduct.

    - **Recruiting and Retention Risk** is the inability of the Bank to attract, retain and develop competent employees, might lead to organizational dysfunction and low morale.

    - **Succession Planning Risk** is the failure to create and implement a feasible continuance plan for key bank positions and employees, might adversely affect the stability of organizational leadership and business continuity.

- **Client Relationship Management Risk** is the inability to effectively identify and address the customers' needs which will negatively affect the Bank's reputation and relationship with customers.

Additionally and in view of the changing macro-economic landscape, another RSA process was conducted in December 2012 and the following seven risks were identified:

- **Strategic Planning Risk** is the failure to develop, implement and monitor institutional strategies and direction will threaten the Bank's overall viability and growth prospects.

- **Socio-Political Risk** is the failure to understand, address and anticipate political mandates and social and cultural developments will affect the Bank's overall operations.

- **Technology Identification Risk** is the failure to identify and prioritize the appropriate system and technology to support business processes or major initiatives may lead to costly investments and work inefficiencies and may compromise product or service delivery.

- **Measuring and Monitoring of Major Initiatives Risk** is the failure to identify appropriate performance metrics and standards to monitor attainment of objectives and targets may prevent the achievement of desired output and performance.

- **Lending Capacity Risk** is the failure to maximize loanable funds might lead to loss of business opportunities for the Bank.

- **Liquidity Risk** is the failure to properly manage the Bank's cash flows and have sufficient available alternative fund sources at reasonable cost could affect the Bank's ability to meet its obligation as they fall due.

- **Banking Regulation Risk** is the failure to comply with circulars, memoranda, advisories and other issuances of regulatory bodies as applicable to the banking industry, may result in loss of business, administrative/criminal penalties/sanctions and loss to reputations. It is also the failure to set the stage for higher capital requirement in order to strategically align economic capital with regulatory requirements like Basel 3, AMLa amendments, etc.

RISK MANAGEMENT TOOLS

LBP makes use of various quantitative tools and metrics for monitoring and managing risks. Some of these tools are common to a number of risk categories, while others are continuously being developed to respond to particular features of specific risk categories. As part of risk management process, LBP continually evaluates the appropriateness and reliability of risk management tools and metrics to respond to evolving risk environment and simultaneously comply with regulatory requirements and industry best practices. The following are the most important quantitative tools and metrics LBP currently uses to measure, manage and report risk:

- **Value-at-Risk (VaR).** LBP uses this approach to derive quantitative measures for the bank's trading book market risks under normal market condition. Portfolios are formed primarily to diversify risk in trading and investment assets. For a given asset category or portfolio (e.g. government securities, foreign securities, equity investments, foreign exchange), VaR measures the potential loss (in terms of market value) that, under normal market conditions, will not be exceeded with a defined confidence level in a defined period. The VaR for a total portfolio represents a measure of the bank's diversified market risk in that portfolio.

- **Stress Testing**. Analysis of credit, market, and liquidity risk is supplemented with stress testing. For market risk management purposes, stress tests is performed because value-at-risk calculations are based on relatively recent historical data, and thus, only reflect possible losses under relatively normal market conditions. Stress tests help LBP determine the effects of potentially extreme and probable market developments on the value of its market risk sensitive exposures, on its highly liquid and less liquid trading positions, as well as, on investments. The Bank uses stress testing to determine the amount of economic capital allocation required to cover market risk exposure after evaluating extreme and probable market conditions. For liquidity risk management purposes, the Bank performs stress tests to evaluate the impact of sudden stress events on its liquidity position.

- **Scenario Analysis.** This is a tool that generates forward-looking "what-if" simulations for specified changes in market factors. The scenario analysis simulates the impact of significant changes in domestic and foreign interest rates. The implications of specific scenarios are simulated on the current portfolio and liquidity position of the bank.

- **Regulatory Risk Reporting.** The Bangko Sentral ng Pilipinas (BSP), as the banking regulator in the Philippines, assesses LBP's capacity to assume risk in several ways. In compliance with BSP Memorandum Circular No. 538, s. of 2006 re: calculation of the Bank's capital adequacy ratio (CAR) consistent with the revised International Convergence of Capital Measurement and Capital Standards, or popularly known as Basel II, LBP submits on a quarterly basis result of Capital Adequacy Ratio Calculation.

CREDIT RISK MANAGEMENT

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. Consistent with good corporate governance, the Parent manages credit risk by setting limits for individual borrowers and group of borrowers and industry segments. The Parent also monitors credit exposures, and continually assesses the credit quality of counterparties. For certain clients, credit risk management is supplemented by credit rating systems. Various rating systems were developed for corporations, small and medium enterprises, financial institutions, cooperatives and local government units. The ratings of clients are being used, among others, as basis for determining the credit worthiness of loan clients.

For the year, the Parent has approved the automated credit rating system model for LGUs for implementation in CY2013. The automated model for Livelihood Loans, as well as, the manual model for Rural, Thrift and Cooperative Banks is in the implementation stage. The Credit Risk Engine System (CRES) Phase 2 Project commenced on 30 July 2012 and it aims to build data infrastructure to allow the Bank to automate the calculation of Credit Risk Weighted Assets (CRWA) under the Foundation Internal Ratings Based (FIRB) Approach initially for Local Government Units (LGUs) portfolio.

Credit derivatives and credit-related commitments

Credit risk with respect to derivative financial instruments is limited to those instruments with positive fair values, which are included under "Other Assets". The Bank also makes available to its customers guarantees which may require that the Bank make payments on behalf of these clients. Such payments are collected from customers based on the terms of the Letter of Credit (LC). These guarantees expose the Bank to similar risks as loans and these are mitigated by the same control processes and policies. As a result, the maximum credit risk, without taking into account the fair value of any collateral and netting arrangements, is limited to the amounts on the balance sheet plus commitments to customers.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position, including derivatives. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral arrangements.

	Group		Parent	
	2012	2011	2012	2011
On-Balance sheet financial assets				
Cash and balances with BSP (excluding Cash on hand)	85,551,095	77,579,295	85,444,272	77,578,540
Due from banks	4,185,595	2,229,622	3,545,429	1,923,084
Interbank loans receivable	11,168,108	7,582,769	11,168,108	7,582,769
Securities purchased under resale agreements	25,000,000	48,500,000	25,000,000	48,500,000
Financial assets designated at fair value through profit or loss-Held for trading	3,813,577	8,427,454	3,813,577	8,427,454
Available-for-Sale Investments	188,721,940	143,295,705	188,721,940	143,170,605
Held-to-maturity Investments	43,547,220	44,283,642	43,271,825	43,774,238
Loans and receivables	294,306,191	277,960,284	292,786,156	276,117,645
Total	656,293,726	609,858,771	653,751,307	607,074,335
Off-Balance sheet items				
Financial guarantees	1,501,618	482,178	1,501,618	482,178
Loan commitments and Contingent liabilities	40,122,768	25,634,920	40,122,768	25,634,920
	41,624,386	26,117,098	41,624,386	26,117,098
Total Credit Risk Exposure	697,918,112	635,975,869	695,375,693	633,191,433

Where financial instruments are recorded at fair value, the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

The details on the maximum exposure to credit risk for each class of financial instrument are referred to in specific notes.

Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Parent has established concrete guidelines and procedures relative to managing, monitoring and reporting large exposures and credit risk concentrations in accordance with the rules and regulations issued by the BSP.

As of 31 December 2012, the Parent's qualifying capital covering credit risk is P69.818 billion. Based on the BSP definition, the Parent has set the benchmark for large exposures at P3.49 billion.

On the other hand, the Parent's Single Borrower's Limit (SBL) is pegged at P17.975 billion for direct lending and P25.165 billion for wholesale lending.

Overall credit risk management oversight is a function of the Board of Directors (BOD)-level Risk Management Committee. In general, mitigation measures on credit risks are implemented at various levels. However, oversight on credit risk management is vested on the Risk Management Group which is independent from the business function. This is critical in ensuring the integrity and objectivity of the credit risk assessment, pricing, and management process.

The Parent ensures that the credit risks undertaken are commensurate with the risk appetite and the Parent's capacity to manage such risks. Thus, regular monitoring of both the level of risk and equity capital is undertaken to ensure that even in instances of major credit surprises, the Parent could sustain its operations in spite of the losses incurred and continue to be an efficient financial intermediary for development and institutional financing.

The BSP considers that credit concentration exists when total loan exposure to a particular industry exceeds 30 per cent of total loan portfolio. As of 31 December 2012 and 2011, the Parent does not have credit concentration in any particular industry.

As of December 31, 2012 and 2011, information on the concentration of credit as to industry based on carrying amount is shown below:

	Parent			
	2012		2011	
	Amount	%	Amount	%
Financial intermediation	35,438,031	12.9	36,420,149	14.2
Agriculture, hunting and forestry	49,534,597	18.1	50,007,025	19.6
Real estate, renting and business activities	31,790,799	11.6	27,104,951	10.6
Public administration and defense	42,820,308	15.6	46,587,741	18.2
Manufacturing	25,491,954	9.3	12,022,637	4.7
Community, social and personal services	6,566,928	2.4	5,951,724	2.3
Electricity, gas and water	38,439,325	14.0	46,018,614	18.0

	Parent			
	2012		2011	
	Amount	%	Amount	%
Wholesale & retail trade, repair of motor vehicles, motorcycles & personal and household goods	11,557,121	4.2	10,236,585	4.0
Transport, storage and communication	21,177,529	7.7	12,608,962	4.9
Construction	5,248,612	1.9	2,526,034	1.0
Private households	990,202	0.4	1,110,379	0.4
Hotel and restaurant	1,679,392	0.6	2,047,832	0.8
Others	3,647,749	1.3	3,393,815	1.3
	274,382,547	100.0	256,036,448	100.0
Allowance for losses	(4,214,884)		(6,848,479)	
Total	270,167,663		249,187,969	

Collateral and other credit enhancements

The amount and type of collateral required depends on the type of borrower and assessment of the credit risk of the borrower. The Bank's revised Credit Manual provides the guidelines on the acceptability of collateral and maximum valuation for each type of collateral.

The following are the main collaterals accepted by the Bank:

- For commercial lending - cash or government securities, real estate properties, inventory, chattel.
- For retail lending - mortgages over residential properties.

The Bank also obtains guarantees from corporations which are counter-guaranteed by the Philippine National Government and from other corporations accredited by the Bank.

The Bank monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

It is the Bank's policy to dispose of foreclosed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy foreclosed properties for business use.

The Bank also makes use of master netting agreements with counterparties.

MARKET RISK MANAGEMENT

Market risk is the failure to anticipate and manage fluctuations in the values of the Bank's investments and could lead to economic losses. LBP recognizes three types of market risks: Interest Rate Risk, Foreign Exchange Risk, Equity Price Risk.

Market Risk Management Framework

LBP is exposed to market risks in both its trading and non-trading banking activities. The Bank assumes market risk in market making and position taking in government securities and other debt instruments, equity, foreign exchange and other securities, as well as, in derivatives or financial instruments that derive their values from price, price fluctuations and price expectations of an underlying instrument (e.g. share, bond, foreign exchange or index). LBP exposure on derivatives is currently limited to currency swaps and currency forwards to manage foreign exchange exposure. Although the Bank is also exposed to derivatives that are embedded in some financial contracts, these are considered insignificant in volume.

The Bank uses a combination of risk sensitivities, value-at-risk (VaR), stress testing, capital adequacy ratio and capital metrics to manage market risks and establish limits.

The LBP Board of Directors, Risk Management Committee and the Asset and Liability Committee (ALCO), define and set the various market risks limit for each trading portfolio. The Treasury and Investment Banking Sector (TIBS), particularly the Foreign Exchange Department (FED) (which handles foreign exchange and foreign securities trading), and the Local Currency Department (LCD), which takes charge of Government Securities and Equities, allocate these limits to each of the traders in their respective departments.

A management loss alert is activated whenever losses during a specified period equal or exceed specified management loss alert level. LBP controls and minimizes the losses that may be incurred in daily trading activities through the VaR and stop loss limits.

Positions are monitored on a daily basis to ensure that these are maintained within established limits. Position Limits are also established to control losses but are subordinated to the VaR and Stop Loss Limits.

Managing Market Risk Components

The following discusses the key market risk components along with respective risk mitigation techniques:

Interest Rate Risk Management

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. LBP adopts two perspectives in measuring Interest Rate Risk as follows:

- Earnings Perspective – The Bank uses the Earnings-at-Risk (EaR) Model to estimate changes in net interest income (NII) under a variety of rate scenarios over a 12 month horizon. It is a simulation method that analyzes the interest rate risk in the banking book in terms of earnings (accrual basis). EaR measures the loss of NII resulting from upward/downward interest rate movements in a "Business as usual" environment, either through gradual movements or as a one-off large interest rate shock over a particular time horizon.

- Economic Value Perspective – The Bank uses the Economic Value of Equity (EVE) Model to assess the potential long-term effects of changes in interest rates. This model provides long-term view of possible effects of interest rate changes over the remaining life of the Bank's holdings. This model also measures the change in the Bank's economic value of equity for specified changes in interest rates.

Foreign Exchange Risk Management

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. LBP views the Philippine Peso as its functional currency. Positions are monitored daily to ensure that these are within established limits.

The following limits are set for foreign-currency related transactions:

	Position Limit	Management Loss Alert	Stop loss Limit
	(In millions)	Monthly	Monthly
Foreign Exchange Trading	$50	$180,000	$230,000
Foreign Securities	$20	$180,000	$235,000

LBP had the following significant exposures denominated in foreign currencies as of December 31, 2012:

	US$	Others	Total
Assets			
Foreign Currency & Coins on Hand /Cash & other cash items	525,358	40,236	565,594
Due from banks	2,984,089	426,148	3,410,237
Held for trading	239,261	-	239,261
Available for sale investments	28,222,598	331,175	28,553,773
Held to maturity investments	7,739,479	54,174	7,793,653
Interbank loans receivable	8,251,050	2,917,058	11,168,108
Loans and receivables	13,030,949	5,307,730	18,338,679
Investment in subsidiaries	-	7,999	7,999
Other assets	330,473	88,031	418,504
Total Assets	61,323,257	9,172,551	70,495,808
Liabilities			
Deposit liabilities	35,237,772	3,378,924	38,616,696
Bills payable	4,339,348	21,713,488	26,052,836
Others	723,454	133,471	856,925
Total Liabilities	40,300,574	25,225,883	65,526,457

Equity Price Risk Management

The Bank is exposed to equity price risk as a consequence of value fluctuations of equity securities. Equity price risk results from changes in the levels of volatility of equity prices, which in turn affect the value of equity securities and impacts on profit and loss of the Bank. Equities are subject to daily mark-to-market and controlled through risk limits such as position, VaR, Management Alert and Stop Loss.

Market Risk Measurement Models

*** Value-at-Risk Analysis**

Value at Risk (VaR) is a statistical approach for measuring the potential variability of trading revenue. It is used to measure market risk in the trading book under normal conditions, estimating the potential range of loss in the market value of the trading portfolio, over a one-day period, at the 99 per cent confidence level, assuming a static portfolio. This level implies that on 99 trading days out of 100, the mark-to-market of the portfolio will likely either (1) increase in value, or (2) decrease in value by less than the VaR estimate; and that on 1 trading day out of 100, the mark-to-market of the portfolio will likely decrease in value by an amount that will exceed the VaR estimate.

VaR is calculated by simulating changes in the key underlying market risk factors (e.g., interest rates, interest rate spreads, equity prices, foreign exchange rates) to determine the potential distribution of changes in the market value of LBP's portfolios of market risk sensitive financial instruments. Daily VaR calculations are compared against VaR limits, the monetary amount of risk deemed tolerable by management.

The Value-at-Risk disclosure for the trading activities is based on Variance-Covariance or Parametric Value-at-Risk Model. For Equities, Foreign Exchange and Foreign Securities trading portfolio, Parametric VaR is run parallel with the internally developed Historical Simulation VaR Calculation Model as the Bank continuously pursues initiatives to improve processes in preparation to the bank's migration towards an Internal Model Approach for capital charging. The VaR disclosure is intended to ensure consistency of market risk reporting for internal risk management, for external disclosure and for regulatory purposes. The over-all Value-at-Risk limit for the LBP Treasury Group's trading activities was P80 million (with a 99 per cent confidence level, and a one-day holding period) throughout 2012.

*** Back-Testing**

Back-testing is the basic technique used in verifying the quality of risk measures used by the Bank. It is the process of comparing actual trading results with model-generated risk measures.

Back-testing is a standard measure in determining the accuracy and predictive ability of risk models. The results of back-testing are used to assess the performance of treasury or trading strategies. In back-testing, the focus is on the comparison of actual daily changes in portfolio value, and hypothetical changes in portfolio value that would occur if end-of-day positions remain unchanged during the one-day holding period.

Back-testing results are presented to the Asset and Liability Committee (ALCO) which serves as LBP management level risk committee and the Risk Management Committee (RiskCom), a Board level risk oversight committee. The Committees analyze actual performance against VaR measures to assess model accuracy and to enhance the risk estimation process in general.

*** Stress Testing**

Measuring market risk using statistical risk management models has recently become the main focus of risk management efforts in the banking industry where banking activities are exposed to changes in fair value of financial instruments. LBP believes that the statistical models alone do not provide reliable method of monitoring and controlling risk. While VaR models are relatively sophisticated, they have several known limitations. Most significantly, standard VaR models do not incorporate the potential loss caused by very unusual market events. Thus, the VaR process is complemented by Stress testing to measure this potential risk.

Stress test is a risk management tool used to determine the impact on earnings of market movements considered "extreme", i.e., beyond "normal" occurrence. Stress tests are LBP's measures of risks to estimate possible losses which the Value at Risk (VaR) does not capture.

The Bank's Portfolio Scenario Analysis (PSA) report is a model forecasting the loss return values of a selected portfolio. It calculates the size of possible losses related to a precise scenario. It identifies scenarios that may influence the portfolio strongly and which market variables may trigger these scenarios to be able to come up with a sound portfolio risk management. The Portfolio Scenario Analysis is a replication scenario based on historical events based on imagined crises or future developments that have not yet occurred.

Results of PSA are also simulated to Capital Adequacy Ratio of the Bank to be able to assess its impact on the CAR compliance set at 10 per cent.

Liquidity Risk Management

Liquidity Risk Management Framework

The LBP Board has delegated the responsibility of managing the overall liquidity of the Bank to a committee of senior managers known as Asset/Liability Management Committee (ALCO). This Committee meets twice a month or more frequently as required by prevailing situations. Senior management is responsible for effectively executing the liquidity strategy and overseeing the daily and long-term management of liquidity risk. ALCO delegates day-to-day operating responsibilities to the treasury unit based on specific practices and limits established in governing treasury operations. The Treasury Risk Management Department is responsible for the oversight monitoring of the Bank's risk positions and ensures that reports on the Bank's current risk are prepared and provided to ALCO and BOD/RiskCom in a timely manner.

The Treasury Group submits to the TIBS Head and the President, Daily Treasury Reports which include the Bank's cash/near cash investments and other data related to liquidity which assist senior management in decision making.

The Bank's liquidity position is subjected to stress testing and scenario analysis to evaluate the impact of sudden stress events. The scenarios are based on historical events, case studies of liquidity crises and models using hypothetical events.

Liquidity Risk Measurement Models

The Bank formulates different types of liquidity risk measurement tools to determine any future liquidity structural imbalances to be able to formulate strategies to mitigate liquidity risk and address funding needs.

Liquidity is being monitored and controlled thru maturities of assets and liabilities over time bands and across functional currencies as reflected in the Liquidity Gap Report. This report is prepared to provide senior management and the Board timely appreciation of the Bank's liquidity position.

The ALCO and the TIBS are responsible for the daily implementation and monitoring of relevant variables affecting LBP's liquidity position. ALCO reviews the Bank's assets and liabilities position on a regular basis and, in coordination with the TIBS, recommends measures to promote diversification of its liabilities according to source, instrument and currency to minimize liquidity risks resulting from concentration in funding sources.

LBP formulated a liquidity contingency plan using extreme scenarios of adverse liquidity which evaluates the Bank's ability to withstand these prolonged scenarios and to ensure that it has sufficient liquidity at all times. The contingency plan focuses on the LBP's strategy for coordinating managerial action during a crisis and includes procedures for making up cash flow shortfalls in adverse situations. The plan details the amount of available funds of the Bank (such as unused credit facilities) and the scenarios under which it could use them.

As of 31 December 2012, P130.68 billion or 18.99 per cent of the Bank's total assets were represented by gross loans with remaining maturities of less than one year classified as to original term and P24.98 billion or 3.63 per cent of the total assets were invested in trading and investment securities with remaining maturities of one year or less. The Bank's trading and investment securities account includes securities issued by sovereign issuers, primarily government treasury bills, fixed rate treasury notes, floating rate treasury notes and foreign currency denominated bonds issued by the government. Other resources inclusive of due from BSP and other banks accounted for 13.13 percent of LBP's total resources as of 31 December 2012. Deposits with banks are made on a short-term basis with almost all being available on demand or within one month.

Although the Bank pursues what it believes to be a prudent policy in managing liquidity risk, a maturity gap does, from time to time, exist between the Bank's assets and liabilities. In part, this comes about as a result of the Bank's policy to seek higher yielding assets, a policy which will generally lead to the average maturity of its financial assets exceeding that of its liabilities.

The table below presents the assets and liabilities based on the contractual maturity, settlement and expected recovery dates:

	PARENT					
	2012			2011		
	Due Within One Year	Due Greater than One Year	Total	Due Within One Year	Due Greater than One Year	Total
Assets						
Cash and Other Cash Items	17,867,540	-	17,867,540	16,129,879	-	16,129,879
Due from BSP	85,096,569	-	85,096,569	77,168,221	-	77,168,221
Due from Other banks	3,545,429	-	3,545,429	1,921,306	1,778	1,923,084
Interbank loan receivable	11,168,108	-	11,168,108	7,582,769	-	7,582,769
Security Purchased Under agreement to resell	25,000,000	-	25,000,000	48,500,000	-	48,500,000
Loans and Receivables	94,516,020	198,270,136	292,786,156	92,266,711	183,850,934	276,117,645
Investments	24,977,820	211,315,348	236,293,168	32,761,368	163,126,138	195,887,506
Other Assets	2,692,821	14,678,904	17,371,725	651,344	19,315,434	19,966,778
Total Assets	264,864,307	424,264,388	689,128,695	276,981,598	366,294,284	643,275,882

	PARENT					
	2012			2011		
	Due Within One Year	Due Greater than One Year	Total	Due Within One Year	Due Greater than One Year	Total
Liabilities						
Deposits						
Demand	244,538,483	-	244,538,483	211,224,363	-	211,224,363
Savings	267,317,066	-	267,317,066	270,268,538	-	270,268,538
Time	27,915,229	3,489,936	31,405,165	17,508,405	7,907,480	25,415,885
LTCND	-	588,292	588,292	-	549,189	549,189
Bills Payable	2,424,342	24,399,258	26,823,600	3,367,197	30,027,218	33,394,415
Unsecured Subordinated Debt	-	17,434,000	17,434,000	-	6,934,000	6,934,000
Due to BTr, BSP, & MCs/PCIC	1,566,127	68,031	1,634,158	1,758,300	-	1,758,300
Due to Local Banks & Others	6,225	-	6,225	11,948	-	11,948
Other Liabilities & Payables	1,555,778	15,922,502	17,478,280	978,604	16,910,433	17,889,037
Total Liabilities	545,323,250	61,902,019	607,225,269	505,117,355	62,328,320	567,445,675

- The Bank does liquidity gap analysis using the Liquidity Gap Report (LGR). It is a risk measurement tool used in identifying the current liquidity position to determine the ability to meet future funding needs. It breaks down balance sheet items according to estimated maturities of assets and liabilities in order to determine any future structural imbalances such as long-term assets growing faster than long term liabilities. The TRMD assists ALCO in its function by preparing Peso, FX Regular, FCDU and consolidated Liquidity Gap Reports on a monthly basis.

The following table sets forth the asset-liability gap position over the detailed time period for the Parent at carrying amounts in million pesos as of 31 December 2012 based on contractual repayment arrangements which take into account the effective maturities as indicated by LBP's deposit retention history.

	Due within 3 mos	**Due more than 3 to 6 mos**	**Due more than 6 mos to 1 year**	**Due more than 1 year to 5 years**	**Due more than 5 years**	**Total**
Financial Assets						
Cash and Due from Banks	85,253	-	21,257	-	-	106,510
Total Loans	77,793	33,082	19,809	54,147	144,123	328,954
Total Investments	5,682	4,494	14,801	53,323	157,993	236,293
Other Assets	837	1	1,855	-	14,679	17,372
Total Assets	169,565	37,577	57,722	107,470	316,795	689,129
Financial Liabilities						
Deposits	262,376	16,770	23,003	5,706	235,994	543,849
Borrowings	2,098	548	1,351	9,015	15,452	28,464
Other Liabilities and Unsecured Subordinated Debt	308	11	1,236	2,503	30,854	34,912
Total Capital	-	-	-	-	81,904	81,904
Total Liabilities and Capital	264,782	17,329	25,590	17,224	364,204	689,129
Asset & Liabilities Gap	(95,217)	20,248	32,132	90,246	(47,409)	-

The LBP has established guidelines for liquidity risk limit setting to enable it to properly and prudently manage and control liquidity risk, consistent with the nature and complexity of its business activities, overall level of risk and its risk appetite. The Maximum Cumulative Outflow (MCO) limit set by the Board of Directors is one of the tools used to manage and control the liquidity risk in the gap report of the Bank. It is a measure of the liquidity gap between maturing assets and liabilities. MCO limits put a cap on the total amount of negative gaps in the near time buckets.

Financial Analysis is another liquidity risk measurement tool that calculates and compares liquidity and leverage ratios derived from information on the Bank's financial statements against set liquidity/leverage limits. The Bank makes use of the following financial ratios for liquidity risk management:

1. Liquid Asset to Total Assets Ratio
2. Volatile Liabilities against Liquid Assets Ratio
3. Volatile Liabilities against Total Assets Ratio
4. Liabilities against Assets (Debt/Total Asset Ratio)

The Bank examines several possible situations, usually worst case, most likely case and best case. It does Portfolio Stress Test and Liquidity Stress Test. Result of scenario analysis helps the Bank focus on the level of liquidity that could be reasonably built within a specified period to meet different situations. This also serves as guide for the Bank in the limit setting process for the various ratios mentioned, for example, minimum liquid assets to volatile liabilities.

LBP developed the Liquidity Stress Test to address the shortcoming of LGR. This is a risk management tool used to evaluate the potential impact on liquidity of unlikely, although plausible, events or movements in a set of financial variables. While such unlikely outcomes do not mesh easily with LGR analysis, analysis of these outcomes can provide further information on expected portfolio losses or cash flow over a given time horizon.

Liquidity management is one of the fundamental preconditions to achieving all other banking activities - strategically mapped by ALCO, actively managed by the TIBS through the Asset and Liabilities Management Department (ALMD) and overseen by the Treasury Risk Management Department (TRMD).

To limit liquidity risk, LBP Management has instituted the following:

1. **Active and Appropriate Board and Senior Management Oversight**

The Board and Senior Management receives regular liquidity reports and updates to fully inform them of the level of liquidity risk assumed by the Bank and if activities undertaken are within the prescribed risk tolerance in accordance with approved guidelines, liquidity /funding policy (targets), risk limits.

2. **Diversified funding sources** - The Bank has identified the following sources of funding:

   - Cash from operations
   - Sale of Government Securities (GS) under Available for Sale (AFS)
   - Government and retail deposit sources
   - Interbank market
   - Borrowings from BSP
   - Undertaking Peso-Dollar Swaps
   - Accessing loans from multilateral and bilateral institutions (WB, ADB, JBIC, etc.)

LBP performs a comprehensive liquidity risk measurement and control using as tool the Consolidated Liquidity Gap Report covering the `entire LBP Group. Risk models used in liquidity risk management are subjected to independent model validation. The Internal Audit Group is tasked to do model validation. An independent validation is also being done by the Basel Officer for Treasury who reports directly to the Head of the Risk Management Group. For this year, incorporated were latest enhancements made on the model as a result of independent model validation by a third party auditor.

LANDBANK

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www.landbank.com

Orchestrating and Embracing CHANGE

LANDBANK
2012
Annual Report

Network Directory

Table of Contents

BRANCHES AND EXTENSION OFFICES (EO)

NORTH NATIONAL CAPITAL REGION BRANCHES GROUP

OFFICE OF THE GROUP HEAD
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Fax No. 528-8549

NORTH NCRBG CLUSTER A

RELATIONSHIP OFFICER
2nd Floor, LANDBANK Bldg.,
125 West Avenue, Quezon City
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Fax No. 376-4234

BATASAN
Batasan Compound, Batasan Hills, Quezon City
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CAMP AGUINALDO
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Bonny Serrano Road cor. EDSA
Camp Aguinaldo, Quezon City
Tel. Nos. 913-4364; 913-4365
Fax No. 911-2590

CAMP CRAME
Front-corner PNP Multi-Purpose Building
Camp Crame Compound, Quezon City
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Fax No. 723-9414

COA
Commission on Audit Bldg. No.3,
COA Compound,
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Fax No. 932-8452

COMMONWEALTH
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Fax No. 931-5766

CUBAO
891 Saint Anthony Bldg., Aurora Blvd. cor. Cambridge St.
Cubao, Quezon City
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Fax No. 912-0452

CSG TELLERING BOOTH
Fire and Explosive Division, Civil Security Group
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Tel. No. 723-0401

EAST AVENUE
SSS Livelihood Trade Center, East Avenue, Quezon City
Tel. Nos. 433-8973; 920-1230; 925-7213; 927-6266; 927-4155; 426-2664
Fax No. 921-5931

EDSA - CONGRESSIONAL
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EDSA, Quezon City
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LANDBANK Bldg.,
DA-BSWM Compound
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#307 Katipunan Avenue,
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Fax No. 929-1080

LTO EO
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LTO Compound,
East Avenue, Quezon City
Telefax No. 927-3507

LWUA EO
Local Water Utilities Administration Bldg.,
Katipunan Avenue Extension,
Balara, Quezon City
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NAPOCOR EO
NAPOCOR Compound
Quezon Avenue cor. BIR Road,
Diliman, Quezon City
Tel. No. 924-2364
Fax No. 981-2850

NORTH AVENUE
Sugar Regulatory Administration Bldg.,
North Avenue, Diliman, Quezon City
Tel. Nos. 926-0951; 926-0953; 453-5570
Fax No. 929-1897

OMBUDSMAN EO
Ombudsman Bldg.,
Government Center
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Diliman, Quezon City
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Fax No. 434-8937

QUEZON CITY CIRCLE
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Fax No. 925-4946

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Quezon City Hall Compound,
Quezon City
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Fax No. 929-9889

SAGSD TELLERING BOOTH
Ground Floor, SAGSD Building
PNP Camp Crame Compound
Camp Crame, Quezon City

UP DILIMAN EO
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UP Diliman Campus,
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RELATIONSHIP OFFICER
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1598 MH del Pilar cor. Dr. J. Quintos Sts.
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BIR ANDA CIRCLE TELLERING BOOTH
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Anda Circle,
Port Area, Manila
Tel. No. 527-3115

BOC MICP
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Manila International Container Port (MICP),
North Harbor, Tondo, Manila
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Telefax No. 244-5078

BOC POM TELLERING BOOTH
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Port Area, Manila
Tel. No. 536-0159
Fax No. 536-0162

CASH DEPARTMENT
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Malate, Manila
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Fax No. 528-8502

CASINO FILIPINO (HERITAGE) FX BOOTH
2nd Floor, Heritage Hotel
Roxas Blvd. cor. EDSA Extension,
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Fax No. 854-8783

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Holiday Inn Hotel
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DOLE EO
DOLE Bldg., Gen. Luna St.,
Intramuros, Manila
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Fax No. 527-3465

ESPAÑA
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Dos Castillas St.,
Sampaloc, Manila
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Ground Floor, Palacio del Gobernador Bldg.
Andres Soriano Jr., cor.
Gen Luna Sts.
Intramuros, Metro Manila
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Fax No. 527-3077; 527-5853

MALACAÑANG
Edificio J y J
#867 Gen. Solano cor.
Nepomuceno Sts.
San Miguel, Manila
Tel. Nos. 735-4923; 735-1904; 735-4910
Telefax Nos. 735-4912; 735-1756

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Telefax No. 736-1085

SOUTH HARBOR
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SUPREME COURT EO
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NORTH NCRBG CLUSTER C

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732-8435; 712-7702
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Tayuman Commercial Center,
Tayuman cor. T. Mapua Sts., Sta.
Cruz, Manila
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Telefax No. 255-7744

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Maysan Road cor. G. Taruc St.
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Fax No. 292-0114

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Summit Center
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884-1950

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403-0475; 403-0439
Fax No. 836-9734

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Taguig City, Manila
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Fax No. 882-0958

J.P. RIZAL
Layug cor. J. P. Rizal Sts.,
Makati City
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Fax No. 897-5967

MAKATI ATRIUM
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Telefax No. 811-4254

MAKATI BUSINESS CENTER
Robinsons Summit Center
Ayala Avenue, Makati City
Tel. Nos. 884-1952; 884-2951
Telefax No. 844-3038

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J. P. Rizal St., Makati City
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Fax No. 895-3849

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Asia Tower Condominium
Paseo de Roxas cor. Benavidez
Sts., Makati City
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Fax No. 840-2473

PASONG TAMO
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Fax No. 811-2313

PATEROS
C & N Bldg., #50 M. Almeda St.,
Pateros
Tel. No. 642-3403
Fax No. 642-3262

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Taguig City
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Telefax No. 643-5719

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RELATIONSHIP OFFICER
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DECS EO
Ground Floor, Mabini Bldg.,
DepEd Compound
Meralco Avenue, Brgy. Oranbo,
Pasig City
Tel. No. 636-4850
Fax No. 636-4847

DOTC
Unit 14, Ground Floor,
Columbia Tower,
East Wack-Wack, Ortigas Avenue,
Mandaluyong City
Tel. Nos. 726-2602; 726-2603;
726-2604 ;
Fax Nos. 744-3445; 726-2603

EDSA GREENHILLS
#259-269 CLMC Bldg.,
EDSA Greenhills,
Mandaluyong City
Tel. Nos. 723-5793; 723-1864;
744-5442; 744-2885
Telefax No. 723-6617

GHQ TELLERING BOOTH
AFP Finance Center, Camp
Aguinaldo, Quezon City

KAPASIGAN
E. Caruncho Bldg., A. Mabini St.,
Kapasigan, Pasig City
Tel. Nos. 640-3651; 640-3652;
643-8897
Fax No. 643-8886

MANDALUYONG CITY HALL EO
BOC Bldg., Maysilo Circle
Brgy. Plainview,
Mandaluyong City
Tel. No. 534-1723
Fax No. 534-1724

MARCOS HIGHWAY
MR Commercial Center,
Gil Fernando Avenue
cor. Pitpitan St.,
San Roque, Marikina City
Tel. Nos. 645-0251; 980-6654
Telefax No. 645-0261

MARIKINA
Ground Floor, XRC Bldg.,
J.P. Rizal St., cor. Diamond St.
Brgy. Sto Niño, Marikina City
Tel. Nos. 948-2680; 948-7723
Fax No. 948-2682

ORTIGAS EO
Suntree Tower,
No. 13 Meralco Avenue,
Ortigas Center, Pasig City
Tel. Nos. 584-9692; 584-9694

PASIG CAPITOL
#88 J.S. Gaisano Bldg.,
Shaw Blvd., Pasig City
Tel. Nos. 632-7780; 638-0598;
633-9718; 634-2850
Fax No. 633-9717

PASIG CITY HALL EO
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Hall Bldg.,
Caruncho Avenue, Pasig City
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Telefax No. 640-3761

POEA TELLERING BOOTH
Ground Floor, POEA Bldg.,
EDSA cor. Ortigas Avenue,
Mandaluyong City

SAN JUAN
#66 N. Domingo St., San Perfecto,
San Juan City
Tel. Nos. 799-5003; 726-0227
Telefax No. 724-4991

SHAW BOULEVARD
Beacon Plaza, Shaw Blvd.
cor. Ideal Sts.,
Mandaluyong City
Tel. Nos. 725-4629; 725-9661
Telefax No. 725-4671

SOUTH NCRBG CLUSTER C

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Almanza Uno, Las Piñas City
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800-1903
Fax No. 800-4991

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LANDBANK Bldg.,
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Baclaran, Parañaque City
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Podium Level, Department of
Finance Building,
BSP Complex, Roxas Blvd.
Malate, Manila
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Fax No. 526-5602

LAS PIÑAS
Valenzuela Bldg., #263 Real St.
Pamplona 3, Las Piñas City
Tel. Nos. 808-2542; 808-2558
Fax No. 808-2548

MUNTINLUPA
#37 National Road
Putatan, Muntinlupa City
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Fax No. 862-0115

NAIA ARRIVAL EO
IPT Bldg., NAIA Terminal I
Sto. Niño, Parañaque City
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Telefax No. 879-5191

NAIA-BOC
NAIA BOC Bldg., Old MIA Road
Pasay City
Tel. Nos. 879-4192; 879-5306
Fax No. 879-4191

OWWA E.O.
OWWA Center Bldg.,
FB Harrison cor. 7th St.,
Pasay City
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local 5109
Telefax No. 551-6636

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Pasay City
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Fax No. 551-2712

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Philippine International
Convention Center
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CCP Complex, Roxas Blvd.,
Pasay City
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Telefax No. 846-8279

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Valley 2, Sucat, Parañaque
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Fax No. 825-4680

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607-2584

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Alaminos City, Pangasinan
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552-7183, 654-1100
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Fax No. 323-0126

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Aparri, Cagayan
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888-2258; 888-2285
Fax No. 822-8264

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443-4082; 442-6375
Fax No. 442-6989

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Ground Floor, Marcon's Bldg.
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Baguio City, Benguet
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Telefax No. 619-2983

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Cuaresma Bldg.,
Maharlika Highway
Bambang, Nueva Vizcaya
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803-2319
Fax No. 321-3194

BANGUED
Mega Centrum Bldg., Taft cor.
Rizal Sts.,
Bangued, Abra
Telefax No. (074) 752-7646

BATAC
J. Nalupta Bldg. Washington St.
Brgy. 4 Nalupta
Batac, Ilocos Norte
Tel. Nos. (077) 792-3061;
617-1078; 792-4480
Fax No. 792-3453

BASCO
Kaychanarianan cor. National Road
Basco, Batanes
Tel. Nos. 0917-8160385;
0939-9186710;
0928-6899943

BONTOC
Provincial Multi-Purpose Bldg.,
Poblacion
Bontoc, Mountain Province
Tel. No. (074) 633-1286

BUGUIAS
Mike-Ulo-An's Bldg., Abatan
Buguias, Benguet
Tel. Nos. 0920-9505171;
0920-9644755

CABARROGUIS
Capitol Commercial and Bank Bldg.,
San Marcos, Cabarroguis, Quirino
Tel. Nos. (078) 692-5013;
662-1396
Fax No. 692-5012

CANDON
LANDBANK Bldg.,
National Highway cor. Pacquing St.
Candon, Ilocos Sur
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742-6198;
Telefax No. 742-6029

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San Fermin
Cauayan City, Isabela
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loc. 5006
Fax No. 652-2011

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Dagupan City,
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515-5156
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Dagupan City, Pangasinan
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515-7293
Telefax No. 515-7293

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National Highway
Calamagui 2nd, Ilagan, Isabela
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Telefax No. 624-0676

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Poblacion,
Lagawe, Ifugao
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Fax No. 542-6933

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Quezon Avenue,
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Tel. Nos. (072) 242-5654;
888-4894; 700-2459;
242-5656; 700-2683
Fax No. 700-2684

SAN ISIDRO (ISABELA)
LANDBANK Bldg., National
Highway, Quezon
San Isidro, Isabela
Tel. No. (078) 662-1373
Telefax No. 305-9819

SANTIAGO
Heritage Bldg., Maharlika Road
Santiago City, Isabela
Tel. No. (078) 682-7194,
305-0134
Telefax No. 305-2902

SOLANO
Galima Building, National
Highway,
Solano, Nueva Vizcaya
Tel. No. (078) 326-5672
Fax No. 326-5671

SOUTH SAN FERNANDO (LA UNION)
Doña Pepita Bldg.
South National Highway
Quezon Avenue, San Fernando
City, La Union
Tel. Nos. (072) 888-5697;
888-3363
Telefax No. 700-2586

TABUK
Omengan Bldg., Provincial Road,
Bulanao
Tabuk, Kalinga
Tel. No. 0917-8588273

TAYUG
LANDBANK Bldg., Bonifacio St.
cor. Quezon Blvd.
Tayug, Pangasinan
Tel. Nos. (075) 572-4065;
572-3158
Fax No. 572-4435

TUGUEGARAO
LANDBANK Bldg., Bagay Road,
Brgy. San Gabriel
Tuguegarao City, Cagayan
Tel. Nos. (078) 844-1941;
844-1942; 846-2986
Fax No. 846-9148

TUGUEGARAO (CAPITOL)
Regional Government Center,
Barig Sur,
Tuguegarao City, Cagayan
Tel. Nos. 0917-5423133;
(078) 304-1346

URDANETA
LANDBANK Bldg., Mc Arthur
Highway, Nancayasan
Urdaneta City, Pangasinan
Tel. Nos. (075) 568-2388;
656-2016
Fax No. 656-3003

VIGAN
Plaza Maestro Commercial Complex
Florentino St., Vigan City, Ilocos Sur
Tel. Nos. (077) 632-0167;
632-0947 ; 722-2619
Fax No. 722-2620

CENTRAL LUZON BRANCHES GROUP

OFFICE OF THE GROUP HEAD
LANDBANK Bldg., Jose Abad
Santos Avenue, Dolores, City of
San Fernando, Pampanga
Tel. No. (045) 963-5105
Fax No. 961-1719; 435-0325

ANGELES
LANDBANK Bldg., Sto. Entiero St.,
cor. Miranda St.,
Brgy. Sto. Rosario, Angeles City,
Pampanga
Tel. Nos. (045) 888-1244;
888-5959
Telefax No. 625-9715

CASINO FILIPINO - ANGELES FX BOOTH
Casino Filipino Angeles, Balibago
Angeles City, Pampanga
Tel. No. (045) 892-5073
loc. 239

APALIT
BSP Bldg., McArthur Highway,
San Vicente, Apalit, Pampanga
Tel. Nos. (045) 879-1355;
302-8715
Telefax No. 652-8715

BALAGTAS
McArthur Highway, San Juan,
Balagtas, Bulacan
Tel. Nos. (044) 693-1043;
693-1044;
Telefax No. 918-1200

BALANGA
Don Manuel Banzon Avenue,
Doña Francisca Subdivision,
Balanga City, Bataan
Tel. Nos. (047) 237-3004;
237-2129; 791-1203
Telefax No. 237-2522

BALER
National Highway, Brgy., Suklayin
Baler, Aurora
Tel. No. (042) 722-0002

BALIUAG
LANDBANK Bldg.,
B.S. Aquino Avenue, Baliuag,
Bulacan
Tel. Nos. (044) 766-3318;
766-5777; 673-2075
Telefax No. 766-2208

CABANATUAN
LANDBANK Bldg. Gabaldon cor.
Gen. Tinio Sts.
Cabanatuan City, Nueva Ecija
Tel. Nos. (044) 463-5836;
600-4599; 806-0541
Telefax No. 463-1802

CABANATUAN MAHARLIKA HIGHWAY
Tan Bldg. Maharlika Highway
Cabanatuan City, Nueva Ecija
Tel. No. (044) 958-9764
Telefax No. 600-3831

CAMILING
Arellano St., Pob. C.
Camiling, Tarlac
Tel. No. (045) 934-0943
Telefax No. 934-0980

CAPAS
Brgy. Sto. Domingo II
Capas, Tarlac
Tel. No. (045) 491-7969
Telefax No. 491-7967

CLARK
Lily Hill Plaza, C. M. Recto Highway
Clark Freeport Zone, Pampanga
Tel. Nos. (045) 599-2253;
599-2254
Telefax No. 599-7097

CONCEPCION (TARLAC)
LANDBANK Bldg., L. Cortez St.
Brgy. San Nicolas
Concepcion, Tarlac
Tel No. (045) 923-0906
Fax No. 923-0748

DAU
LEFA Bldg., McArthur Highway, Dau
Mabalacat, Pampanga
Tel. Nos. (045) 624-0914;
892-2437
Telefax No. 624-0840

DINALUPIHAN
LANDBANK Bldg., DAR Compound
San Ramon Highway
Dinalupihan, Bataan
Tel. Nos. (047) 481-1778;
481-1779
Telefax No. 636-1438

GAPAN
Sta. Ines Bldg., Maharlika Highway,
Bayanihan, Gapan, Nueva Ecija
Tel. No. (044) 486-0935
Fax No. 486-1544

GUIMBA
LANDBANK Bldg. Hay Juliano cor.
Dansalan Sts.
Guimba, Nueva Ecija
Tel. No. (044) 611-1307
Telefax No. 958-2535

IBA
ST Bldg., Zone VI, Baytan,
Iba, Zambales
Tel. No. (047) 304-5797

MALOLOS HIGHWAY
LANDBANK Bldg.,
Sumapang Matanda, McArthur
Highway, Malolos City, Bulacan
Tel. Nos. (044) 791-6391;
662-7500; 662-8367
Telefax No. 791-6392

MALOLOS PLAZA
M. Crisostomo St., San Vicente
Malolos City, Bulacan
Tel. Nos. (044) 794-7280;
662-7501
Telefax No. 794-7280

MARIVELES
Monasteria Knitting Bldg.,
Luzon Avenue, Phase I,
The Freeport Area of Bataan
Mariveles, Bataan
Tel. Nos. (047) 935-4217;
935-4218
Telefax No. 935-4218

MEYCAUAYAN
Santos Hermanos Bldg.,
McArthur Highway, Banga
Meycauayan, Bulacan
Tel. Nos. (044) 840-7817;
935-3856; 323-0291
Telefax No. 228-2635

MUÑOZ
Research Extension and
Training. Bldg.
Central Luzon State University
Muñoz, Nueva Ecija
Tel. No. (044) 806-2203
Fax No. 456-0699

OLONGAPO
2542 Rizal Avenue cor. 25th St.
East Bajac-Bajac,
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Tel. Nos. (047) 222-2983; 222-2984
Telefax No. 223-2606

PANIQUI
LANDBANK Bldg., M. H. del Pilar St.
Paniqui, Tarlac
Tel. No. (045) 931-0602
Telefax No. 931-0722

SAN FERNANDO (PAMPANGA)
LANDBANK Bldg.,
Jose Abad Santos Avenue,
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Pampanga
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961-0817
Telefax No. 963-5104

SAN ISIDRO (NE)
LANDBANK Bldg., Poblacion,
San Isidro, Nueva Ecija
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Fax No. 940-9982; 940-3564

SAN JOSE CITY (NE)
LANDBANK Bldg., R. Eugenio St.,
San Jose City, Nueva Ecija
Tel. Nos. (044) 511-1603;
511-1734; 940-3233
Telefax No. 940-2322

SAN JOSE DEL MONTE
E & F Bldg., Gov. F. Halili Avenue
Tungkong Mangga,
San Jose del Monte, Bulacan
Tel. Nos. (044) 691-0593;
815-0276
Telefax No. 511-1603

STA. MARIA
Formix Bldg., Fortuno Halili
Avenue, Bagbaguin
Sta. Maria, Bulacan
Tel. Nos. (044) 641-1435;
641-2700; 641-4517
Telefax No. 228-2577

SUBIC
Maritan Bldg., Manila Avenue
cor. Rizal Avenue
Subic Bay Freeport Zone,
Olongapo City, Zambales
Tel. Nos. (047) 252-6495;
252-3890; 252-3332;
252-3844
Telefax No. 252-3483

SBMA TELLERING BOOTH
Ground Floor, Bldg. 228
Subic Bay Metropolitan Authority
(SBMA) Office
Waterfront Road, Central
Business District
Subic Bay Freeport Zone

TALAVERA
Pecache Bldg.,
A. Diaz cor. Quezon Sts.,
Talavera, Nueva Ecija
Tel. No. (044) 411-1555
Fax No. 940-5978

TARLAC
Philamlife Bldg., F. Tañedo St.
Tarlac City, Tarlac
Tel. Nos. (045) 982-0912;
982-2759
Telefax No. 982-1751

WEST SAN FERNANDO (PAMPANGA)
Regional Government Center,
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LANDBANK Bldg., JP Laurel Highway
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702-2930
Fax No. 702-2933

ANTIPOLO
S. Oliveros Building
151 M.L. Quezon St., Brgy. San Roque,
Antipolo City, Rizal
Tel. Nos. 697-0747; 630-3087;
697-1482; 650-5473
Fax No. 697-1481

BALAYAN
Don Jose Manzano Bldg.,
105 Fraternidad St.
Balayan, Batangas
Tel. Nos. (043) 211-4967;
211-4968
Fax No. 741-0451

BATANGAS CITY
Pastor-Talambiras Bldg., P. Burgos St
Batangas City, Batangas
Tel No. (043) 722-2070
Telefax No. 723-3418

BATANGAS CITY PPA EO
R & L Building, National Highway
Kumintang Ilaya, Batangas City
Telefax No. (043) 723-2934

BAUAN (BATANGAS)
Plaza Consorcia, Manghinao Uno
Bauan, Batangas
Tel. No. (043) 727-1426
Fax No. 727-1425

BINANGONAN
MLRC Bldg., #504 National Rd.
Calumpang, Binangonan, Rizal
Tel. Nos. 652-1997; 652-1455
Fax No. 652-0309

BROOKE'S POINT
Virgilio cor. Villapa Sts., Brgy. District 2,
Poblacion, Brooke's Point, Palawan
Tel. No. (048) 723-0854

CAINTA
Ground Floor, Ortigas Royale
Condominium,
Ortigas Avenue Extension,
Cainta, Rizal
Tel. Nos. 240-5759 ; 656-1774 ;
656-1610; 655-4445
Fax No. 656-9534

CALAPAN
Filipiniana Complex,
Brgy. Sto. Niño
Calapan, Oriental Mindoro
Tel. No. (043) 288-2470
Telefax No. 288-2471

CAVITE CITY
LANDBANK Bldg., P. Burgos Avenue
cor. Ronquillo St., Caridad
Cavite City
Tel. No. (046) 431-2087
Telefax No. 431-1397

CORON
No. 222 ECA Bldg.,
National Highway
Brgy. 1, Coron, Palawan
CISCO Local 5194

DASMARIÑAS
Virginia Mansion-NVCP Bldg.,
Aguinaldo Highway, Dasmariñas,
Cavite
Tel. Nos. (046) 416-2355;
416-1147
Fax No. 416-1148

GMA (CAVITE)
General Mariano Alvarez,
Municipal Compound,
Congressional Road, Poblacion I
General Mariano Alvarez,
Cavite City
Telefax No. (046) 460-4571

IMUS
ONM Bldg., Palico III
Gen. E. Aguinaldo Highway
Imus, Cavite
Tel. No. (046) 471-1204
Telefax No. 471-4378

LEMERY
Ilustre Avenue, Poblacion
Lemery, Batangas
Telefax Nos. (043) 411-1482; 740-6014

LIPA
LANDBANK Bldg., JP Laurel Highway, Marauoy
Lipa City, Batangas
Tel. Nos. (043) 312-4764 loc. 5160; 702-6063
Telefax No. 756-2619

MAMBURAO
Bernardo Bldg., #14 Rizal St., Brgy. 5, Mamburao, Occidental Mindoro
Tel. No. (043) 711-1851
Fax No. 711-1087

SABLAYAN EO
P. Urieta St., Brgy. Buenavista, Sablayan, Occidental Mindoro
Tel. No. (043) 458-0068

NASUGBU
J.P. Laurel St., Brgy. 9, Nasugbu, Batangas
Tel. Nos. (043) 216-2859; 216-2860

ODIONGAN
Odiongan Commercial Center
J.P. Laurel cor. M.A. Roxas Sts., Brgy. Liwanag, Odiongan, Romblon
Tel. No. (042) 567-5206
Telefax No. 567-5120

PINAMALAYAN
Hidalgo Bldg., Mabini cor. Aguinaldo Sts.
Pinamalayan, Oriental Mindoro
Telefax No. (043) 284-3510

ROXAS (MINDORO) EO
Roxas Public Market, Administration St., Poblacion, Roxas, Oriental Mindoro
Telefax No. (043) 289-2131

PUERTO PRINCESA
#270 Hagedorn Bldg. Rizal Avenue
Puerto Princesa City, Palawan
Tel. Nos. (048) 433-2823; 433-3490; 434-2142
Fax No. 433-2820

PUERTO PRINCESA EO
Ground Floor, DCRM Bldg., North National Highway, Brgy. San Manuel
Puerto Princesa City, Palawan
Tel. Nos. (048) 434-2314; 434-2315
Telefax No. 434-2316

ROSARIO (BATANGAS)
LANDBANK Bldg., Gualberto Avenue, Brgy. D.,
Rosario, Batangas
Tel. No. (043) 321-1167
Fax No. 321-3102

ROSARIO (CAVITE)
Cavite Export Processing Zone Compound
Rosario, Cavite
Tel. Nos. (046) 437-2749; 437-8669
Fax No. 437-6378

SAN JOSE (MINDORO)
Punzalan Bldg., Quirino St., Brgy. 6
San Jose, Occidental Mindoro
Tel. No. (043) 491-2032
Fax No. 491-1625

TAGAYTAY
LANDBANK Bldg., Tagaytay Centrum Kaybagal South
Tagaytay City, Cavite
Tel. No. (046) 413-0715
Telefax No. 413-0714

TANAUAN
LANDBANK Bldg., Pres. J.P. Laurel Highway
Tanauan City, Batangas
Tel. Nos. (043) 778-4179; 728-0084
Fax No. 778-4180

TANAY
F.T. Catapusan St., Brgy. Plaza Aldea
Tanay, Rizal
Tel. Nos. 654-0656; 654-0655
Fax No. 654-0064

TAYTAY
Ground Floor, Manila East Arcade Bldg.,
Manila East Road, San Juan, Taytay, Rizal
Tel. Nos. 660-4398; 286-3680; 286-3961
Fax No. 660-4453

TRECE MARTIRES
Indang-Trece Road, Brgy. Luciano
Trece Martires City, Cavite
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Fax No. 419-1472

SOUTHEAST LUZON BRANCHES GROUP

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LANDBANK Bldg., Quezon Avenue Extension
Gulangulang, Lucena City, Quezon
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BIÑAN
Old National Highway, Brgy. Canlalay
Biñan, Laguna
Tel. Nos. (049) 511-8817; 411-4364
Telefax No. (02) 520-6708

BOAC
Francisco-Pura Bldg., Gov. Damian Reyes St.,Brgy. San Miguel
Boac, Marinduque
Tel. Nos. (042) 332-2879; 311-1001; 311-1237
Telefax No. 332-2005

CABUYAO
Don Onofre Bldg., F. Bailon St., Brgy. Sala, Cabuyao, Laguna
Tel. No. (049) 832-0845
Telefax No. 531-4746

CALAMBA
F.P. Perez Bldg., Brgy. Parian, Calamba City, Laguna
Tel Nos. (049) 502-8695; 502-8696
Telefax No. 502-8694

CALAMBA EO
New City Hall Bldg., Bacnotan Road, Brgy. Real,
Calamba City, Laguna
Tel. Nos. (049) 545-0177; 545-5108
Telefax No. 545-0176

CANDELARIA
Del Valle cor. De Gala St., Poblacion
Candelaria, Quezon
Tel. Nos. (042) 741-1386; 741-2101
Fax No. 585-3615

DAET
LANDBANK Bldg. Vinzons Avenue, Maharlika Highway
Daet, Camarines Norte
Tel. No. (054) 440-1404
Fax No. 440-1405

GOA
Ground Floor, Goa Cinema Bldg., Panday St., Goa, Camarines Sur
Tel. No. (054) 453-0250
Telefax No. 453-1068

TIGAON EO
LGU Tigaon Compound, Caraycayon, Tigaon, Camarines Sur
Telefax No. (054) 452-3097

GUMACA
Bonifacio St., Brgy. Maunlad, Gumaca, Quezon
Tel. Nos. (042) 421-1197; 421-1181; 447-5680
Fax No. 421-1173

INFANTA
Oliva Bldg., Rizal St., Infanta, Quezon
Tel. No. (042) 535-2363
Telefax No. 535-2165

IRIGA
Ground Floor, Mark Nancy Bldg., Santiago I. Gonzales St., Brgy. San Roque, Iriga City, Camarines Sur
Tel Nos. (054) 655-0796; 456-0297; 299-5848
Telefax No. 456-0375

IROSIN
Beata Dorotan Bldg., M.H. del Pilar St., San Juan, Irosin, Sorsogon
Tel. No. (056) 557-3291
Fax No. 557-3165

LABO
Maharlika Highway, Brgy. Kalamunding
Labo, Camarines Norte
Tel. Nos. (054) 447-6048; 585-2172
Telefax No. 447-6045

LEGAZPI
LANDBANK Bldg., Rizal St. Cabañgan
Legazpi City, Albay
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Telefax Nos. 480-4252; 480-6314; 480-6549

LIGAO
LANDBANK Bldg., McKinley St. Centro, Ligao City, Albay
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Telefax Nos. 485-2208; 837-0222

LUCBAN
SLSU Business Resource Center
Quezon Avenue, Brgy. Kulapi
Lucban, Quezon
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Fax No. 540-6501

LUCENA
LANDBANK Bldg., Quezon Avene Extension Brgy. Gulang-Gulang,
Lucena City, Quezon
Tel. Nos. (042) 710-3795; 710-6883; 373-5791
Fax Nos. 710-2617; 710-6833

MASBATE
N.E. Martinez Bldg., Quezon cor. Danao Sts.
Masbate City, Masbate
Tel. Nos. (056) 333-2977; 333-2281
Fax No. 811-1638

MULANAY
Maxino-Tan Bldg., Provincial Road cor. F. Nañadiego St.,
Mulanay, Quezon
Tel. Nos. (042) 319-7243; 911-2123; 319-7331
Fax No. 319-7591

NAGA
LBRDC Bldg., General Luna St.
Naga City, Camarines Sur
Tel. Nos. (054) 473-7925; 437-1788; 811-3317
Fax Nos. 437-1788; 472-3030

NAGA ROTUNDA
Panganiban Drive cor. Magsaysay Avenue
Concepcion Pequena, Naga City, Camarines Sur
Tel. No. (054) 472-5706
Fax No. 472-5705

PILI
Bal-per Synayao Bldg.,
Old San Roque, Pili,
Camarines Sur
Tel. Nos. (054) 477-3044; 361-1337
Telefax No. 477-3333

POLANGUI
National Road cor.
Clemente St., Centro Oriental,
Polangui, Albay
Tel. No. (052) 486-1478
Telefax No. 486-1488

SAN PABLO (LAGUNA)
Iluminada Bldg., Rizal Avenue cor. Lopez Jaena St., Poblacion, San Pablo City, Laguna
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SAN PEDRO (LAGUNA)
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Brgy. Poblacion, San Pedro, Laguna
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Fax No. 808-5176

SINILOAN
LANDBANK Bldg., E. Castro St.
Siniloan, Laguna
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Telefax No. 341-1167

SIPOCOT
Ramon Marabillon Bldg.,
San Juan Avenue,
South Centro, Sipocot,
Camarines Sur
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Telefax No. 450-6025

SORSOGON
Bonacua Bldg., Rizal cor. Burgos Sts.,
Sorsogon City, Sorsogon
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Telefax No. 211-4074

STA. CRUZ (LAGUNA)
A. Regidor cor. P. Burgos Sts.
Poblacion V, Sta. Cruz, Laguna
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Telefax No. 501-3644

STA. CRUZ CAPITOL
P. Guevarra St.
Sta. Cruz, Laguna
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Telefax Nos. 501-5070; 810-3923

STA. ROSA
National Highway, Balibago
Sta. Rosa, Laguna
Tel. No. (049) 534-2143
Telefax No. 534-2914

TABACO
Castillon Bldg., Riosa St.,
Tabaco City, Albay
Tel. Nos. (052) 487-5182; 830-0058;
Telefax No. 487-5182

U.P. LOS BAÑOS
Ground Floor, LANDBANK Bldg.,
Silangan Rd., UP Los Baños Campus
Los Baños, Laguna
Tel. Nos. (049) 536-5058; 536-7094; 827-4954
Fax No. 536-3360

VIRAC
JMA Bldg., Rizal St., Sta. Elena
Virac, Catanduanes
Tel. No. (052) 811-2224
Fax No. 811-1638

WEST VISAYAS BRANCHES GROUP

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ANTIQUE
San Jose Municipal Bldg.
Rep. A. Salazar cor. Tobias A. Fornier Sts., San Jose, Antique
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Telefax No. 540-9405

BACOLOD
LANDBANK Bldg., Gatuslao St. cor. Cottage Road, Bacolod City,
Negros Occidental
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Fax No. 435-0162

HERNAEZ EO
Perpetual Bldg., Jovito cor. Hernaez Sts., Libertad, Bacolod City, Negros Occidental
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Telefax No. 433-9539

MANDALAGAN EO
AVP Bldg., Lacson St., Mandalagan,
Bacolod City, Negros Occidental
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Telefax No. 441-3539

BAIS
LANDBANK Bldg., Aglipay St.
Bais City, Negros Oriental
Tel. No. (035) 402-8291
Fax No. 402-9432

BAYAWAN
National Highway cor. Mabini St., Poblacion
Bayawan City, Negros Oriental
Tel. No. (035) 228-3025
Telefax No. 430-0230

CADIZ
Abelarde St., Brgy. Zone 4
Cadiz City, Negros Occidental
Tel. No. (034) 720-8150
Fax No. 493-0413

CULASI
Silverio Cadiao St., Centro
Poblacion, Culasi, Antique
Tel. No. (036) 277-8674
Fax No. 277-8675

DUMAGUETE
NORECO II Bldg., Real cor. San Juan Sts., Dumaguete City,
Negros Oriental
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Telefax No. 422-9055

GAISANO (ILOILO)
Gaisano City Mall
Luna St., Lapaz,
Iloilo City, Iloilo
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Fax No. 320-8763

GUIHULNGAN
Guihulngan City Hall
Km 116, National Highway
Poblacion, Guihulngan City,
Negros Oriental
Tel. No. (035) 231-3263
Fax No. 336-1367

GUIMARAS (JORDAN)
Provincial Capitol Grounds,
San Miguel, Jordan, Guimaras
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ILOILO
Ground Floor, LANDBANK Bldg.,
Iznart cor. Solis Sts.
Iloilo City, Iloilo
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Fax No. 335-1004; 336-1563

JARO
Celis Compound, Commission Civil cor. Washington Sts.,
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Telefax No. 329-2330

KABANKALAN
Jomabo Bldg., Tan Lorenzo cor. Guanzon Sts.,
Kabankalan City,
Negros Occidental
Tel. No. (034) 471-2315
Telefax No. 471-2415

KALIBO
La Esperanza Bldg., Osmeña Avenue,
Kalibo, Aklan
Tel. Nos. (036) 262-3300; 500-7419; 268-4289
Telefax No. 262-3300

PASSI
AGT Bldg. Simeon Aguilar St.
Passi City, Iloilo
Tel. Nos. (033) 536-8058; 311-5200
Fax No. 311-5187

PLAZA LIBERTAD
Ybernias Bldg., Zamora St.
Iloilo City, Iloilo
Tel. Nos. (033) 509-9220; 338-0938
Telefax No. 336-0294

ROXAS (CAPIZ)
Acevedo Bldg., P. Gomez St.
Roxas City, Capiz
Tel. Nos. (036) 621-2066; 621-3395; 522-8199
Fax No. 621-0353

SAGAY
Roxas Avenue cor. National Road
Sagay City, Negros Occidental
Tel. No. (034) 488-0141; 488-0144
Telefax No. 488-0143

SAN CARLOS (NO)
Ground Floor, Heritage Building II
FC Ledesma Avenue, City Center (Center Mall),
San Carlos City, Negros Occidental
Tel. Nos. (034) 312-5807; 729-9129
Fax No. 312-5806

SARA
LANDBANK Bldg. Cecilio Tady St.,
Sara, Iloilo
Tel. No. (033) 396-1601
Telefax No. 392-0251

SIPALAY
Sipalay City Hall, Brgy. 2
Sipalay, Negros Occidental
Tel. No. (034) 476-3168

SIQUIJOR (LARENA)
Larena Multi-Purpose Bldg.
National Highway cor. Magsaysay St.
South Poblacion, Larena, Siquijor
Telefax No. (035) 377-2023

UP MIAG-AO
UP Visayas Fisheries Library,
Museum Bldg.
UP Visayas Campus
Miag-ao, Iloilo
Tel. Nos. (033) 513-8599; 315-8656
Telefax No. 315-8655

VICTORIAS
Rainbow Mall Bldg.,
Osmeña Avenue
Victorias, Negros Occidental
Tel. Nos. (034) 399-2965; 717-6088
Fax No. 399-2966

EAST VISAYAS BRANCHES GROUP

OFFICE OF THE GROUP HEAD
LANDBANK Bldg., P. del Rosario St.
cor. Jones Avenue
Cebu City, Cebu
Tel. Nos. (032) 254-3842; 416-7966
Fax No. 255-4962

BANILAD EO
Girl Scout of the Philippines Bldg.,
Banilad St., Cebu City, Cebu
Tel. Nos. (032) 232-2788; 416-2625
Telefax No. 233-3029

BAYBAY
Castillo Bldg., No. 160 A. Bonifacio St.
Baybay City, Leyte
Tel. Nos. (053) 563-9218; 335-1101
Fax No. 335-3140

BOC EO
Cebu International Port Complex,
Pier 6, Port of Cebu, Cebu City
Tel. Nos. (032) 232-1516; 236-7498
Telefax No. 232-1639

BOGO
Demiar Bldg., P. Rodriguez St.
Sto. Rosario, Bogo City, Cebu
Tel. No. (032) 434-8124; 251-3888
Fax No. 434-8124

BORONGAN
Araba Bldg., San Pedro St.,
Borongan City, Eastern Samar
Tel. Nos. (055) 560-9188; 261-2008
Telefax No. 560-9173

CALBAYOG
MRCR Bldg. Umbria St. cor.
Rosales Blvd.
Calbayog City, Western Samar
Tel. Nos. (055) 209-1178; 209-2781; 209-1803
Telefax No. 533-9765

CARCAR
Henry Uy Bldg., Poblacion III,
Awayan, Carcar, Cebu
Tel. No. (032) 487-8681; 487-8682
Telefax No. 487-8680

CATARMAN
Manuel L. Uy Bldg., Jacinto cor.
Garcia Sts.
Catarman, Northern Samar
Tel. No. (055) 500-9007; 251-8034
Telefax No. 251-8385

CATBALOGAN
Nachura Bldg., Rizal Avenue
Catbalogan City, Samar
Tel. Nos. (055) 251-2026; 543-9180
Fax Nos. 251-2150

CEBU-CAPITOL
Ground Floor, Leonisa Bldg.,
Escario cor. Juana Sts. Extension,
Cebu City, Cebu
Tel. Nos. (032) 253-1337; 416-5448; 412-5128
Telefax No. 412-5127

CEBU-OSMEÑA BLVD.
LANDBANK Bldg., Osmeña Blvd.
cor. P. del Rosario St.
Cebu City, Cebu
Tel. No. (032) 255-0471
Fax No. 412-9571

CEBU-PLAZA INDEPENDENCIA
LDM Bild., MJ Cuenco Avenue
Cebu City, Cebu
Tel. Nos. (032) 505-9157; 254-1788
Fax No.: 253-4-7390

CEBU-TOLEDO
Gaisano Grand Mall, Sangi
Toledo City, Cebu
Tel. No. (032) 322-5888
Telefax No. 322-6261

DANAO
F. Ralota St., Poblacion
Danao City, Cebu
Tel. Nos. (032) 200-3598; 513-0824
Fax No. 200-3599

ISLAND CITY MALL EO
Ground Floor, Island City Mall,
Dampas District,
Tagbilaran City, Bohol
Telefax No. (038) 501-0155

LAPU-LAPU
GSO Bldg., ML Quezon National
Highway
Pajo, Lapu-Lapu City, Cebu
Tel. Nos. (032) 495-3838; 340-5758; 495-3737; 260-4402
Telefax No. 340-0757

LAPU-LAPU E.O.
Ground Floor, PEZA
Administration Bldg.,
Lapu-Lapu City, Cebu
Tel. No. (032) 495-4833
Telefax No. 341-0710

MAASIN
UCCP Bldg., College of Maasin
Campus, Kangleon St., Tunga-Tunga,
Maasin City, Southern Leyte
Tel. Nos. (053) 381-2034; 570-8092
Telefax No. 570-9788

MACTAN-CEBU INTERNATIONAL AIRPORT FX BOOTH
Mactan International Airport
Lapu-Lapu City, Cebu

MANDAUE
Dayzon Bldg., Tipolo
Mandaue City, Cebu
Tel. Nos. (032) 239-7717; 422-6244; 422-6277
Fax No. 422-3837

MANDAUE EO
LANDBANK Bldg., Ouano St. Centro
Mandaue City, Cebu
Telefax No. (032) 422-8393

NAVAL
Naval Commercial Bldg.,
Padre Inocentes
Garcia cor. Abad Sts., Brgy. Sto.
Rosario, Naval, Biliran
Telefax Nos. (053) 500-9130; 500-9263

ORMOC
PSS Bldg., Real St.
Ormoc City, Leyte
Tel. Nos. (053) 255-4216; 561-8387; 255-3346; 255-5845
Telefax No. 255-4504

SOGOD
New Bus Terminal Bldg.,
Zone III,
Sogod, Southern Leyte
Tel. No. (053) 382-3031; 382-2316; 382-2317
Telefax No. 382-2318

TACLOBAN
Brgy. 59B, Real St.
Sagkahan District,
Tacloban City, Leyte
Tel. Nos. (053) 321-5050; 321-7076; 523-0325; 321-6999; 325-4671; 321-7001
Telefax No. 325-5095

TACLOBAN REAL
Ground Floor, Esperas Bldg., Real St.
Tacloban City, Leyte
Tel. Nos. (053) 321-2221; 321-5836; 325-2164
Telefax Nos. 321-5837; 523-2027

TAGBILARAN
Bohol Provincial Capitol Complex
J.S. Torralba cor. Marapao Sts.
Tagbilaran City, Bohol
Tel. Nos. (038) 411-3831; 235-3126; 501-7189
Fax No. 501-9039

TALIBON
Ground Floor, Talibon Public
Mega Market
Reclamation Area Poblacion
Talibon, Bohol
Tel. Nos. (038) 515-5137, 515-5136
Fax Nos. 515-5136; 332-1071

WATERFRONT HOTEL CASINO FX BOOTH
Waterfront Casino Hotel
Lapu-Lapu City, Cebu
Tel. No. (032) 340-6051

WATERFRONT HOTEL CASINO FX BOOTH (LAHUG)
Waterfront Hotel Casino, Lahug,
Cebu City, Cebu
Tel. No. (032) 233-9940

WEST MINDANAO BRANCHES GROUP

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2nd Floor, Boy Scout of the
Philippines
Green Tower Bldg., Velez cor. Luna
Sts., Cagayan de Oro City, Misamis
Oriental
Telefax No. (088) 856-3201

BASILAN
LANDBANK Bldg., J.S. Alano cor.
Magno Sts.,
Isabela City, Basilan
Tel. No. (062) 200-3923
Fax No. 200-3346

BONGAO
Tolentino Go Bldg., Bagay St.
Bongao, Tawi-Tawi
Telefax Nos. (068) 268-1015; 268-1148

BUUG
Escobar Bldg., National Highway,
Buug, Zamboanga Sibugay
Tel. No. (062) 344-8160
Telefax No. 344-8111

CAMIGUIN
Corrales Bldg., Gen. B. Aranas St.
Pob., Mambajao, Camiguin
Tel. No. (088) 387-1092; 387-0580
Fax No. 387-1090

CAPISTRANO
Skyhi Twin Cinema Complex
Capistrano cor. Pacana Sts.
Cagayan de Oro City,
Misamis Oriental
Tel. Nos. (08822) 729-132; (088) 856-5438;
Fax Nos. (08822) 722-577; (088) 856-5515

CAGAYAN DE ORO CITY PPA EO
NHA Compound, Macabalan
Cagayan de Oro City,
Misamis Oriental
Tel. No. (088) 856-9526
Fax No. 880-5907; 856-9526

SSS CARMEN E.O.
SSS Bldg., Carmen-Patag Road,
Carmen, Cagayan de Oro City,
Misamis Oriental
Tel. No. (088) 858-5797
Fax No. (08822) 745-823

DIPOLOG
Ground Floor, FSA Bldg. ABC
Compound, Quezon Avenue
Dipolog City, Zamboanga del Norte
Tel. Nos. (065) 212-2277; 212-7237; 212-9425
Telefax No. 212-3284; 212-7238

DON CARLOS
LANDBANK Bldg., Sayre Highway
Poblacion Sur,
Don Carlos, Bukidnon
Tel. No. (088) 226-2580;
Fax No. 226-2378

GINGOOG
Moreno Building,
National Highway,
Gingoog City, Misamis Oriental
Tel. Nos. (088) 861-0207; (08842) 7948
Telefax No. (088) 861-0461

ILIGAN
LANDBANK Bldg., Bro. Raymond
Jeffrey Road
cor. Quezon Avenue Extension,
Pala-o, Iligan City, Lanao del Norte
Tel. No. (063) 221-3069;
Telefax Nos. 225-3767; 221-5716

IPIL
Ground Floor, Casa Mea Hotel,
Poblacion
Ipil, Zamboanga Sibugay
Tel. Nos. (062) 333-2342; 333-2278
Fax Nos. 333-2278; 333-5689

JOLO
Travisi St., Jolo, Sulu
Cisco local 5123

MALAYBALAY HIGHWAY
LANDBANK Bldg., Fortich St., Brgy. 2, Malaybalay, Bukidnon
Tel. Nos. (088) 221-2121; 813-2330;
Fax Nos. 813-4502; 813-1361

MARAWI
C & D Centerpoint, Quezon Avenue
Marawi City, Lanao del Sur
Tel. No. (0918) 9103326 ;
Fax No. (0918) 9323943

MARAMAG
LANDBANK Bldg., South Poblacion
Maramag, Bukidnon
Tel. No. (088) 356-1382;
Telefax No. 238-5269

MOLAVE
SVLI Bldg., Mabini cor. Capistrano
Sts., Madasigon,
Molave, Zamboanga del Sur
Tel. Nos. (062) 225-1606; 225-1608
Fax No. 225-1607

OROQUIETA
Dajao Bldg., Rizal St., Oroquieta
City, Misamis Occidental
Tel. Nos. (088) 531-1292; 531-0007
Telefax No. 531-1095

OZAMIZ
Don Anselmo Bernad Avenue
Ozamiz City, Misamis Occidental
Tel. Nos. (088) 521-3721; 564-2299
Telefax No. 521-1372

PAGADIAN
Cabato Bldg., Jamisola St.
Pagadian City, Zamboanga del Sur
Tel. Nos. (062) 214-1405; 214-2265; 214-1591
Fax Nos. 215-2344; 925-1430

PUERTO (CDO)
Sayre National Highway
Puerto, Cagayan de Oro City,
Misamis Oriental
Tel. Nos. (08822) 740-824; (088) 855-1947
Telefax No. (088) 855-8858

SINDANGAN
Sindangan Public Market Phase VI,
Rizal Avenue, Poblacion
Sindangan, Zamboanga del Norte
Tel. No. (065) 224-2236; 224-2011
Fax No. 224-2334

TUBOD
LANDBANK Bldg., Quezon Avenue
Poblacion,
Tubod, Lanao del Norte
Tel. Nos. (063) 341-5254; 341-5239;
Fax No. 341-5212

VALENCIA
J.K. Laviña Avenue cor., ML
Quezon St., Valencia City,
Bukidnon
Tel. Nos. (088) 222-2248; 828-2312; 828-2466
Fax No. 828-1310

VELEZ
Ground Floor, Boy Scouts of the
Philippines, Green Tower Bldg.
Velez cor. Luna Sts.
Cagayan de Oro City,
Misamis Oriental
Tel. Nos. (08822) 725-580; (088) 856-3199; 856-3198;
Telefax Nos. (08822) 723-549; (088) 856-8419

WAO
LANDBANK Bldg.,
Wao, Lanao del Sur
Tel. No. (0920) 9504468
Fax No. (0920) 9370129

ZAMBOANGA MAIN
Ground Floor, LANDBANK Bldg.,
F. Marcos cor. Valderosa Sts., Pettit
Barracks,
Zamboanga City, Zamboanga
del Sur
Tel. Nos. (062) 991-0171; 992-3396
Fax Nos. 991-0621; 991-2173

ZAMBOANGA VETERANS
Wee Bldg., Veterans Avenue
Zamboanga City,
Zamboanga del Sur
Tel. Nos. (062) 991-2329; 993-2885; 991-5395
Fax No. 990-2971

WMSU EO
Western Mindanao State
University Campus
San Jose Road, Zamboanga City,
Zamboanga del Sur
Tel. No. (062) 991-8319; 990-1745
Fax No. 992-2483

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LANDBANK Bldg., #7 Palm Drive
Bajada, Davao del Sur
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ALABEL
LANDBANK Bldg., Provincial
Government Compound,
Poblacion, Alabel,
Sarangani Province
Tel. No. (083) 304-1047
Telefax No. 508-2026

BAJADA
MSD Yap Bldg., J. P. Laurel
Avenue, Bajada
Davao City, Davao del Sur
Tel. Nos. (082) 222-8546; 300-9203
Fax No. 222-0175

BANSALAN
Viacrusis Bldg., J.P. Laurel, Viacrusis St.
Poblacion Dos, Bansalan,
Davao del Sur
Tel. No. (082) 553-9221
Fax No. 553-9220

BISLIG
Castillo Bldg., F. Clar St., Mangagoy
Bislig, Surigao del Sur
Tel. No. (086) 853-4427
Telefax No. 853-3038

BAYUGAN
Dy Bldg., Brgy. Taglatawan,
National Highway,
Bayugan City, Agusan del Sur
Tel. Nos. (085) 830-1100; 343-6089
Telefax No. 830-1101

BULUAN
Poblacion, National Highway,
Buluan, Maguindanao
Tel. Nos. (064) 543-0796; 543-0798

BUTUAN
Onghoc Bldg., Montilla Blvd. cor.
P. Burgoz St.,
Butuan City, Agusan del Norte
Tel. Nos. (085) 342-6595; 341-5944
Fax Nos. 225-3923; 342-3476

CABADBARAN
Chang Bldg., Atega cor. Asis Sts., Cabadbaran, Agusan del Norte
Tel. No. (085) 818-1897
Fax No. 343-0377

CASINO FILIPINO - GRAND REGAL HOTEL FX BOOTH
Grand Regal Hotel Lanang
Davao City, Davao del Sur
Tel. No. (082) 235-8112

COTABATO
Ground Floor, Cotabato Yu Ekey Mktg. Inc. Bldg.,
Don Rufino Alonso St.,
Cotabato City, Maguindanao
Tel. Nos. (064) 421-4905; 421-1707; 421-1038
Fax Nos. 421-4907; 421-6847

COTABATO CITY HALL EO
Cotabato City People's Palace
RH 10, Datu Udtong, Matalam Avenue, Malagapas, Cotabato City
Telefax No. (064) 421-9545

DAVAO (RECTO)
PDIC Bldg. C.M. Recto cor. Bonifacio Sts.
Davao City, Davao del Sur
Tel. Nos. (082) 226-3890; 226-8869; 227-8468
Fax Nos. 227-9902; 305-0193

DIGOS
LANDBANK Bldg., Rizal Avenue cor. Estrada St.
Digos, Davao del Sur
Tel. Nos. (082) 553-2480; 553-3017; 272-1995
Fax No. 553-2661

DOLE PHILS EO
Brgy. Cannery Site,
Polomolok, South Cotabato
Tel. No. (083) 500-3077
Fax No. 500-2500

GENERAL SANTOS (HIGHWAY)
2nd Floor, Vensu Bldg.,
National Highway
Gen. Santos City,
South Cotabato
Tel. No. (083) 302-6493
Fax No. 552-6075

GENERAL SANTOS (PIONEER)
Ground Floor, Philamlife Bldg.,
Pioneer Avenue
General Santos City,
South Cotabato
Tel. Nos. (083) 301-7980; 553-3592
Fax Nos. 552-8903; 554-7225

GENERAL SANTOS (GAISANO) EO
Gaisano Mall, J. Catolico Sr. Avenue
Brgy. Lagao, General Santos City
Telefax No. (083) 553-9007

HDMF DAVAO CITY TELLERING BOOTH
Ground Floor, Tryte Tower J.P. Laurel Avenue,
Davao City, Davao del Sur
Tel. Nos. (082) 227-0463; 227-0464

ISULAN
LANDBANK Bldg., Siongco St. cor. National Highway
Isulan, Sultan Kudarat
Tel. Nos. (064) 201-3220; 201-5115
Fax No. 201-3723

KABACAN
LANDBANK Bldg., Municipal Hall Compound,
Kabacan, North Cotabato
Tel. Nos. (064) 248-2468; 248-2078
Fax No. 248-2467

KIDAPAWAN
LANDBANK Bldg., Quezon Blvd.,
Kidapawan City, North Cotabato
Tel. Nos. (064) 288-1685; 278-3531
Fax No. 288-1713

KIDAPAWAN EO
Cotabato Provincial Gymnasium
Provincial Capitol Compound, Amas
Kidapawan City, North Cotabato
Tel. No. (064) 278-7074
Fax No. 278-7035

KORONADAL
Ground Floor, LANDBANK Bldg.,
Aquino cor. J. Abad Santos Sts.
Zone III, Koronadal City, South Cotabato
Tel. No. (083) 228-2617
Fax Nos. 228-3567; 381-0395

LEBAK
Lebak Poblacion Multi-Purpose Cooperative
Rizal Avenue, Poblacion
Lebak, Sultan Kudarat
Telefax Nos. (064) 205-3292; 205-3024

MALITA
Malita Public Market
Malita, Davao del Sur
Tel. No. 0917- 8591233

MATI
Andrada Bldg., Rizal St.
Mati, Davao Oriental
Tel. Nos. (087) 811-0121; 811-5393
Fax Nos. 388-3742; 388-3509

MATINA
GSIS Compound, Matina
Davao City, Davao del Sur
Tel. Nos. (082) 297-3063; 298-1880
Telefax No. 297-3062

TORIL EO
Grandma Bldg., McArthur Highway, Toril, Davao City
Tel. No. (082) 295-2078
Fax No. 295-2077

MIDSAYAP
Sol Haus Bldg., Quezon Avenue
Midsayap, North Cotabato
Tel. Nos. (064) 229-8318; 521-4223; 229-4223; 229-9139
Fax No. 229-8756

NABUNTURAN
Sho Bldg., Lauro Arabejo St.
Nabunturan, Compostela Valley
Tel. No. (084) 376-0700
Fax No. 376-0701

PANABO
LANDBANK Bldg., National Highway
Panabo City, Davao del Norte
Tel. No. (084) 822-1475; 822-3019
Telefax No. 628-8703

PARANG
Municipal Hall Bldg., Mabolo St.
Poblacion 1
Parang, Maguindanao
Tel. No. (064) 425-0035
Fax No. 425-0036

POLOMOLOK
LANDBANK Bldg., French cor. Miranda Sts.
Brgy. Poblacion, Polomolok,
South Cotabato
Tel. Nos. (083) 500-9011; 225-2169
Telefax No. 500-9012

ROSARY HEIGHTS
Estosan Garden Hotel
Gov. Gutierrez Avenue
Cotabato City, Maguindanao
Tel. Nos. (064) 421-6261; 421-6262
Fax No. 421-1380

SAN FRANCISCO
San Francisco Public Market Mall, Center Island Street
San Francisco, Agusan del Sur
Tel. Nos. (085) 343-9376; 242-3430
Fax No. 343-9376

SAN PEDRO (DAVAO)
Velez Bldg., San Pedro St.,
Davao City, Davao del Sur
Tel. Nos. (082) 222-1109; 222-1110; 228-6866
Fax No. 221-8040

SURALLAH
Elan Bldg. II, National Highway,
Surallah, South Cotabato
Tel. Nos. (083) 238-3408; 238-3486
Fax No. 238-3232

SURIGAO
Surigao City Hall Compound,
Borromeo St., Surigao City,
Surigao del Norte
Tel. Nos. (086) 826-8806; 826-8600
Fax Nos. 826-6315; 231-7191

TACURONG
LANDBANK Bldg., Alunan Highway
Tacurong, Sultan Kudarat
Tel. No. (064) 200-3257
Fax Nos. 200-4113; 477-0098

TAGUM
CMS Bldg., National Highway
Tagum, Davao del Norte
Tel. Nos. (084) 655-6734; 655-6919
Fax Nos. 218-3145; 655-6735

TANDAG
Bautista Bldg., Donasco St.
Tandag, Surigao del Sur
Tel. Nos. (086) 211-3072; 211-3486
Fax No. 211-3098

LENDING CENTERS

NORTHERN AND CENTRAL LUZON LENDING GROUP

Office of the Group Head
27th Floor, LANDBANK Plaza
1598 M.H. del Pilar cor. Quintos Sts., Malate Manila
Tel. nos. 405-7352; 405-7161
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BATAAN-ZAMBALES
LANDBANK Bldg., DAR Compound,
San Ramon Highway,
Dinalupihan, Bataan
Tel. Nos. (047) 481-2818; 481-2817
Fax No. 636-1268

BULACAN
LANDBANK Bldg.,
Sumapang Matanda,
McArthur Highway, Malolos City,
Bulacan
Tel. Nos. (044) 662-4126; 796-0412; 796-1301
Fax. No. 662-7499

CAGAYAN
LANDBANK Bldg., Bagay Road, Brgy. San Gabriel, Tuguegarao City, Cagayan
Tel. Nos. (078) 846-4754, 846-2910, 0923-7268030, 0947-8901264, 0917-8319334
Fax No. 846-2910

ISABELA
Heritage Commercial Complex, Maharlika Road, Santiago City, Isabela
Tel. Nos. (078) 682-2633, 682-2050, 0917-5317453, 0932-8629580, 0908-8996114
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LA UNION-ILOCOS
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Tel. No. (072) 700-4097
Fax No. 700-2993

NUEVA ECIJA
LANDBANK Bldg., Gabaldon cor. Gen. Tinio Sts., Cabanatuan City, Nueva Ecija
Tel. Nos. (044) 463-1803; 940-1718
Fax No. 600-1835

NUEVA VIZCAYA
2nd floor, Galima Bldg., National Highway cor. Mabini St., Solano, Nueva Vizcaya
Tel. No. 0998-9737973
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PAMPANGA
3rd Floor, Fleluz Bldg., Olongapo-Gapan Road, Dolores, City of San Fernando, Pampanga
Tel. Nos. (045) 963-6678; 961-3215
Fax No. 963-9876

PANGASINAN
LANDBANK Bldg., McArthur Highway, Nancayasan, Urdaneta City, Pangasinan
Tel. Nos. (075) 568-7388; 624-2019; 568-7292
Fax No. 568-4006

TARLAC
LANDBANK Bldg., L. Cortez St. Brgy. San Nicolas, Concepcion, Tarlac
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Fax No. 923-1406

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Fax. No. 528-8581

BATANGAS-ROMBLON
2nd Floor, LANDBANK Bldg., Pres. Laurel Highway, Marauoy, Lipa City, Batangas
Tel. Nos. (043) 756-0909; 981-0141
Fax No. 312-0510

CAVITE
Virginia Mansion-NVCP Bldg., Aguinaldo Highway, Dasmariñas, Cavite
Tel. Nos. (046) 416-5048; 416-1241; 416-5247
Fax No. 416-1146

LAGUNA
4th Floor, LANDBANK Bldg., Silangan Road, UP Los Baños Campus, Los Baños, Laguna
Tel. No. (049) 536-6349
Fax No. 536-6459

LEGAZPI
2nd Floor, LANDBANK Bldg., Rizal St., Cabañgan, Legazpi City, Albay
Tel. No. (052) 480-6888
Fax No. 480-6887

MINDORO
FRDC Bldg., Brgy. Sto. Nino, Calapan City, Oriental Mindoro
Tel. No. (043) 288-2742
Fax No. 288-2327

NAGA
LBRDC Bldg., Gen. Luna St., Naga City, Camarines Sur
Tel. Nos. (054) 473-3264; 473-2047
Fax No. 473-7924

PALAWAN
#270 Hagedorn Bldg., Rizal Avenue, Puerto Princesa City, Palawan
Tel. No. (048) 433-8092
Fax No. 433-9306

QUEZON
Padillo Bldg., Quezon Avenue cor. Trinidad St., Lucena City, Quezon
Tel. Nos. (042) 660-1662; 373-5746
Fax Nos. 710-3489; 660-2449

RIZAL
2nd Floor, Ortigas Royale Condominium, Ortigas Avenue Extension, Cainta, Rizal
Tel. Nos. 655-4449; 655-4565; 656-9535
Fax No. 655-5833

VISAYAS LENDING GROUP

OFFICE OF THE GROUP HEAD
27th Floor, LANDBANK Plaza 1598 M.H. del Pilar cor. Quintos Sts., Malate Manila
Tel. no. 405-7308; 405-7176
Fax. No. 528-8595

BOHOL
Bohol Provincial Capitol Complex, J.S. Torralba cor. C. Marapao Sts., Tagbilaran City, Bohol
Tel. Nos. (038) 411-5235; 235-3129
Fax No. 501-9968

ILOILO
2nd Floor, LANDBANK Bldg., Iznart cor. Solis Sts., Iloilo City, Iloilo
Tel. Nos. (033) 336-0391; 300-0507; 337-6368; 509-8913
Fax No. 336-9870

CEBU
LANDBANK Bldg., P. del Rosario cor. Jones Ave., Cebu City, Cebu
Tel. Nos. (032) 416-8011; 253-2273; 255-3720; 416-7698; 254-3842; 416-5098; 416-8008
Fax Nos. 255-4962; 255-3720; 416-7698

NEGROS OCCIDENTAL
2nd Floor, LANDBANK Bldg., Cottage Road cor. Gatuslao St., Bacolod City, Negros Occidental
Tel. Nos. (034) 435-0144; 435-0145; 707-6896
Fax No. 435-1107

NEGROS ORIENTAL-SIQUIJOR
NORECO II Bldg., Real cor. San Juan Sts., Dumaguete City, Negros Oriental
Tel. Nos. (035) 225-0969; 422-9548
Fax No. 422-5623

TACLOBAN
Mezzanine Esperas Bldg., Real St., Tacloban City, Leyte
Tel. Nos. (053) 523-2480; 523-2490; 523-2481; 523-4059;
Fax Nos. 325-9544; 523-0018

MINDANAO LENDING GROUP

OFFICE OF THE GROUP HEAD
27th Floor, LANDBANK Plaza 1598 M.H. del Pilar cor. Quintos Sts., Malate Manila
Tel. no. 405-7314; 551-2200 loc. 2209; 2367
Fax. No. 528-8577

BUKIDNON
Provincial Center, Capitol Drive, Malaybalay City, Bukidnon
Tel. Nos. (088) 813-4724; 813-3225; 221-3296; 813-4500; 221-2122
Fax Nos. 813-4500; 221-2122

BUTUAN
2nd Floor, Onghoc Bldg., Montilla Blvd., Butuan City, Agusan del Norte
Tel. Nos. (085) 341-4583; 815-6181; 225-2050;
Telefax No. 341-5427

CAGAYAN DE ORO
2nd Floor, Boy Scouts of the Phils., Green Tower Bldg., Velez cor. Luna Sts., Cagayan de Oro City, Misamis Oriental
Tel. Nos. (088) 856-5417; (08822) 722-915
Telefax No. 856-4968

DAVAO
LANDBANK Bldg., #7 Palm Drive Bajada, Davao City, Davao del Sur
Tel. Nos. (082) 224-5843; 300-3034; 222-8545
Fax No. (082) 221-5351

DIPOLOG
2nd Floor, FSA Bldg., ABC Compound Quezon Avenue, Dipolog City, Zamboanga del Norte
Tel. Nos. (065) 212-3233; 212-8068
Fax No. 212 8067

KIDAPAWAN
2nd Floor, LANDBANK Bldg., Quezon Avenue cor. Alim St., Kidapawan City
Tel. Nos. (064) 278-4340; 278-3415
Fax No. 278-4341

KORONADAL
2nd Floor, LANDBANK Bldg., Aquino cor. J. Abad Santos Sts., Koronadal City
Tel. Nos. (083) 520-1966; 228-3760
Telefax No. 228-9103

ZAMBOANGA
2nd Floor, LANDBANK Bldg., F. Marcos cor. Valderosa Sts., Pettit Barracks, Zamboanga City, Zamboanga del Sur
Tel. Nos. (062) 991-0494; 990-2365
Fax No. 990-2365

ACCOUNTING CENTERS

NORTHERN AND CENTRAL LUZON

BAGUIO
LANDBANK Bldg., 85 Harrison Road, Baguio City
Tel. No. (074) 304-3274; 443-8967

BATAAN
LANDBANK Bldg., DAR Compound San Ramon Highway Dinalupihan, Bataan
Telefax No. (047) 481-2821

BULACAN
McArthur Highway, Sumpang Matanda Malolos, Bulacan
Tel. Nos. (044) 796-0163; 796-1265; 760-0266
Telefax No. 796-0164

CAGAYAN
LANDBANK Bldg., Bagay Road, Brgy. San Gabriel, Tuguegarao City, Cagayan
Tel. Nos. (078) 846-4612; 846-4610
Fax No. 846-4613

ILOCOS NORTE
2nd Floor, J.P. Rizal St., Brgy. 20, San Miguel, Laoag City, Ilocos Norte
Tel. No. (077) 7714384

ILOCOS SUR
2nd Floor, Plaza Maestro Complex Florentino St., Vigan City, Ilocos Sur
Tel. No. (077) 722-2621

ISABELA I
Isabela Trade Center Bldg., Maharlika Road, Cauayan City, Isabela
Tel. Nos. (078) 652-1171 ; 634-5682
Fax Nos. 634-5306

ISABELA II
Heritage Bldg., Maharlika Road, Santiago City, Isabela
Tel. Nos. (078) 682-8877; 682-2050
Fax No. 593-1593

LA UNION
LANDBANK Bldg., Quezon Avenue, San Fernando City, La Union
Tel. No. (072) 242-7675
Telefax No. 700-4098

NORTH NUEVA ECIJA
LANDBANK Bldg., Eugenio St. San Jose City, Nueva Ecija
Tel. Nos. (044) 511-0464; 940-2652

NUEVA VIZCAYA
Galima Bldg., National Highway, Solano, Nueva Vizcaya
Tel. No. (078) 326-5672
Fax No. 326-5671

PAMPANGA
2nd Floor, LANDBANK Bldg., Jasa St., Jose Abad Santos Avenue, City of San Fernando, Pampanga
Tel. No. (045) 963-6998
Telefax No. 961-1564

PANGASINAN I
2nd Floor, LANDBANK Bldg., A.B. Hernandez Avenue, Dagupan City, Pangasinan
Tel. No. (075) 522-3070
Telefax No. 515-6402

PANGASINAN II
McArthur Highway, Nancayasan Urdaneta City, Pangasinan
Tel. No. (075) 656-2472
Telefax No. 568-8964

SOUTH NUEVA ECIJA
LANDBANK Bldg. Gabaldon cor. Gen. Tinio Sts. Cabanatuan City, Nueva Ecija
Tel. No. (044) 463-7524
Telefax No. 464-0197

TARLAC
Philamlife Bldg. F. Tañedo St. Tarlac City, Tarlac
Tel. Nos. (045) 491-1898; 982-7479
Fax No. 982-8940

ZAMBALES
#2542 Rizal Avenue cor. 25th St. East Bajac2x Olongapo City, Zambales
Telefax No. (047) 224-8002

NATIONAL CAPITAL REGION

BACLARAN
#714 Roxas Blvd., Baclaran, Parañaque City
Tel. No. 831-7773
Fax No. 851-2102

CUBAO
Saint Anthony Bldg., Cambridge St. cor. Aurora Blvd. Cubao, Quezon City
Tel. No. 912-2315
Fax No. 995-0832

EAST AVENUE
SSS Livelihood Trade Center, East Avenue, Quezon City
Tel. Nos. 426-2663; 929-2796
Fax No. 927-4431

GREENHILLS
#259-269 2nd Floor, CLMC Bldg., EDSA, Mandaluyong City
Tel. Nos. 744-4290; 744-4291
Telefax No. 721-2173

INTRAMUROS
Ground Floor, Palacio del Gobernador Bldg., A. Soriano cor. Gen. Luna Sts., Intramuros, Manila
Tel. Nos. 527-3120; 521-5362
Telefax No. 527-5860

MAKATI I
Tara Bldg., #389 Sen. Gil Puyat Avenue, Makati City
Tel. No. 519-7689
Fax No. 897-5799

MAKATI II
Layug cor. J.P. Rizal Sts., Makati City
Tel. No. 899-2442; 899-2443
Telefax No. 895-3936

PASIG
2nd Floor, J.S. Gaisano Bldg. Shaw Blvd., Pasig City
Tel. No. 637-9604
Fax No. 914-5231

SUCAT
#8260 Dr. A. Santos Avenue cor. Valley 2 Sucat, Parañaque City
Tel. No. 826-3374
Fax No. 825-4680

TAYUMAN
2nd Floor, TCCI Bldg., Tayuman cor. Mapua Sts., Sta. Cruz, Manila
Tel. No. 254-7711

WEST AVENUE
2nd Flr., LANDBANK Bldg., 125 West Avenue, Quezon City
Tel. Nos. 416-6284; 416-6294
Fax No. 376-4235

SOUTHERN LUZON

ALBAY
3rd Floor, LANDBANK Bldg., Rizal St. Cabañgan Legazpi City, Albay
Tel. No. 480-0074
Fax No. 052) 480-0075

BATANGAS I
2nd Floor, LANDBANK Bldg. J.P. Laurel Highway, Marauoy Lipa City, Batangas
Tel. No. (043) 312-3629
Fax No. 757-1424

BATANGAS II
Don Lopez Manzano Bldg., Fraternidad St. Balayan, Batangas
Telefax No. (043) 921-2177

CALAPAN
Filipiniana Complex, Sto. Niño, Calapan, Oriental Mindoro
Tel. No. (043) 288-2470; 288-2471

CAMARINES NORTE
LANDBANK Bldg., Vinzons Avenue Daet, Camarines Norte
Tel. No. (054) 440-1403; 571-2268
Fax No. 440-1407

CAMARINES SUR
LBRDC Bldg., Gen. Luna St. Naga City, Camarines Sur
Tel. Nos. (054) 473-5979; 473-7926
Fax No. 473-4006

CAVITE I
Cavite Export Processing Zone Compound, Cavite City, Cavite
Tel. No. (046) 437-2449
Fax No. 437-1986

CAVITE II
Tagaytay Centrum, Kaybagal South Tagaytay City, Cavite
Tel. No. (046) 413-0715
Fax No. 413-0714

LAGUNA I
2nd Floor, LANDBANK Bldg., Silangan Road, UP Los Baños Campus, Los Baños, Laguna
Tel. Nos. (049) 827-2872; 536-7248
Fax No. 536-6393

LAGUNA II
F.P. Perez Bldg., Brgy. Parian, Calamba City, Laguna
Tel. Nos. (049) 545-7163; 834-3107
Telefax No. 545-6371

QUEZON
Padillo Bldg., Quezon Avenue
cor. Trinidad St.
Lucena City, Quezon
Tel. No. (042) 373-2048
Fax No. 660-4553

RIZAL
2nd Floor, Oliveros Bldg.,
#151 M.L. Quezon St.,
Brgy. San Roque, Antipolo City, Rizal
Tel Nos. 630-3644; 584-0186
Fax No. 630-3633

SINILOAN
2nd Floor, E. Castro St.,
Siniloan, Laguna
Tel. No. (049) 501-2614;
501-2615

SORSOGON
Bonacua Bldg., Rizal cor. Burgos Sts.,
Sorsogon City, Sorsogon
Tel. No. (056) 211-4598;
421-5660
Telefax No. 421-5222

VISAYAS

BOHOL
2nd Floor, Bohol Provincial
Capitol Complex
J.S. Torralba cor. Marapao Sts.
Tagbilaran City, Bohol
Telefax Nos. (038) 501-9091;
412-3507

CEBU
2nd Floor, LANDBANK Bldg.,
P. del Rosario cor. Jones Avenue
Cebu City, Cebu
Tel. No. (032) 416-7877
Fax No. 254-1313

ILOILO
2rd Floor, LANDBANK Bldg.,
Iznart cor. Solis Sts.
Iloilo City, Iloilo
Tel. Nos. (033) 335-1002;
509-9657; 509-8399
Telefax No. 337-4500

KALIBO
La Esperanza Commercial Bldg.,
Osmeña Avenue, Kalibo, Aklan
Tel. No. (036) 268-4811;
500-7419
Fax No. 262-4965

LEYTE
Brgy. 59-B Real St., Sagkahan District
Tacloban City, Leyte
Tel. Nos. (053) 321-9496;
523-2785; 325-8018
Telefax No. 321-8573

NEGROS OCCIDENTAL
2nd Floor, LANDBANK Bldg.,
Gatuslao St.,
Bacolod City, Negros Occidental
Tel. No. (034) 435-4615
Fax No. 435-4616

NEGROS ORIENTAL
NORECO II Bldg., Real cor.
San Juan Sts.,
Dumaguete City, Negros Oriental
Tel. No. (035) 225-1063;
255-4514
Fax No. 422-9095

SAMAR
Nachura Property, Rizal Avenue
Catbalogan, Samar
Tel. No. (055) 251-5479;
251-2474
Telefax No. 543-8005

MINDANAO

BUKIDNON
LANDBANK Bldg., Fortich St.,
Brgy. 2, Malaybalay City, Bukidnon
Tel. Nos. (088) 813-3522;
(08822) 221-3702
Fax No. 813-4502

BUTUAN
Onghoc Bldg., Montilla Blvd.
cor. P. Burgos St.,
Butuan City, Agusan del Norte
Tel. No. (085) 342-6907
Fax No. 225-3923

CAGAYAN DE ORO
Ground Floor, Boy Scouts of the
Philippines
Velez cor. Luna Sts.
Cagayan de Oro City, Misamis
Oriental
Tel. Nos. (08822) 71297;
(088) 856-4824;
856-1424

COTABATO
Cotabato Yu Ekey Mktg. Bldg.,
Don Rufino Alonso St.
Cotabato City, Maguindanao
Tel. No. (064) 421-8336
Fax No. 421-8335

DAVAO DEL NORTE
2nd Floor, CMC Bldg.,
National Highway
Tagum City, Davao del Norte
Tel. Nos. (084) 218-7934,
218-3147
Fax No. 218-3146

DAVAO DEL SUR I
2nd Floor, PDIC Bldg.,
A. Bonifacio cor. C.M. Recto Sts.
Davao City, Davao del Sur
Tel. Nos. (082) 227-0924;
221-6741
Fax No. 221-8006

DAVAO DEL SUR II
2nd Floor, LANDBANK Bldg.
Estrada cor. Rizal Sts.
Digos City, Davao del Sur
Tel No. (082) 553-8582;
553-2670
Telefax No. 553-6734

DIPOLOG
2nd Floor, FSA Bldg. ABC
Compound, Quezon Avenue
Dipolog City, Zamboanga del Norte
Tel. No. (065) 212-8066
Telefax No. 212-8067

GENERAL SANTOS
2nd Floor, Venus Bldg.,
National Highway
Gen. Santos City, South Cotabato
Tel. Nos. (083) 302-1526;
301-5885
Fax No. 554-6237

KORONADAL
LANDBANK Bldg., Aquino cor.
Abad Santos Sts.
Koronadal City, South Cotabato
Tel. Nos. (083) 520-1967
Telefax No. 228-6951

KIDAPAWAN
2nd Floor, LANDBANK Bldg.,
Quezon Avenue cor. Alim St.
Kidapawan City, North Cotabato
Tel. No. (064) 288-1303
Fax No. 278-1429

SAN FRANCISCO
San Francisco Public Market Mall,
Center Island St., San Francisco,
Agusan del Sur
Tel. No. (085) 839-0333;
343-8663

PAGADIAN
Cabatu Hotel Bldg., Jamisola St.
Pagadian City, Zamboanga del Sur
Tel. No. (062) 214-1589
Fax Nos. 214-4473

ZAMBOANGA
3rd Floor, LANDBANK Bldg.,
F. Marcos cor. Valderosa Sts.,
Petit Barracks,
Zamboanga City,
Zamboanga del Sur
Tel. No. (062) 991-2685
Telefax No. 992-2926

AGRARIAN OPERATIONS CENTER

AOC - II
Bagay Road, Tuguegarao City,
Cagayan
Tel. No. (078) 846-2575
Fax No. 844-3431

AOC III
Jose Abad Santos Avenue, Dolores
San Fernando City, Pampanga
Tel. Nos. (045) 963-7926;
963-9872
Fax No. 961-6557

AOC - IV
3rd Floor, LANDBANK Bldg.,
Silangan Road,
UPLB Campus, Los Baños, Laguna
Tel. No. (049) 827-3819
Fax No. 536-7516

AOC - V
LANDBANK Bldg.,
Rizal St. Cabañgan,
Legazpi City, Albay
Tel. No. (052) 481-5815
Fax No. 480-6547

AOC VI - A
Iznart cor. Solis Sts.
Iloilo City, Iloilo
Tel. No. (033) 509-8578
Fax No. 337-1426

AOC VI-B
3rd Floor, LANDBANK Bldg.,
Gatuslao St., Bacolod City,
Negros Occidental
Tel. No. (034) 435-0166
Fax No. 434-2192

AOC – VII
LANDBANK Bldg.,
Osmeña Blvd. cor. P. del Rosario St.,
Cebu City, Cebu
Telefax No. (032) 416-7707

AOC - VIII
2nd Floor, LANDBANK Bldg., Real
St., Sagkahan District
Tacloban City, Leyte
Tel. Nos. (053) 325-5247;
325-7852; 321-3797
Fax No. 321-5163

AOC - IX
2nd Floor, LANDBANK Bldg.,
Pettit Barracks, Zamboanga City,
Zamboanga del Sur
Tel. No. (062) 991-9368
Fax No. 991-0252

AOC - X
2nd Floor, Green Tower Bldg.,
Velez cor. Luna Sts.,
Cagayan de Oro City,
Misamis Oriental
Tel. No. (08822) 722-849
Telefax No. (088) 856-4590

AOC -XI
LANDBANK Bldg., #7 Palm Drive,
Bajada,
Davao City, Davao del Sur
Tel. Nos. (082) 221-8456;
227-9878; 222-4086
Fax No. 222-0177

AOC- XII
General Santos Drive, Brgy. Morales,
Koronadal City, South Cotabato
Tel. Nos. (083) 228-3126;
520-0598
Fax No. 520-0589